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Cooperatives in Rural Development : A Case Study of A *Group for Production Credit* Cooperative in Northeast Thailand

BY

CHAMNAN WATTANASIRI

A thesis submitted to the Faculty of Graduate Studies and Research in partial fulfillment of the requirements for the degree of Doctor of Philosophy

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Ch. Wattanasiri

319 Paholyothin 44,
Jatujak, Bangkok,
Thailand 10900

Date: June 28, 1996

UNIVERSITY OF ALBERTA

FACULTY OF GRADUATE STUDIES AND RESEARCH

The undersigned certify that they have read, and recommend to the Faculty of Graduate Studies and Research for acceptance, a thesis entitled Cooperatives in Rural Development: A Case Study of A *Group for Production Credit* Cooperative in Northeast Thailand submitted by *Chamnan Wattanasiri* in partial fulfillment of the requirements for the degree of Doctor of Philosophy in *International/Intercultural Education*.

Dr. S. H. Toh (Supervisor)

Dr. D. A. MacKay

Dr. M. Assheton-Smith

Professor J. R. Young

Dr. D. S. Gill

Dr. G. Harris (External Examiner)

DATE: 25/6/96

QUOTE PAGE

"...Different cooperatives have to support one another and exchange ideas for the benefit of each member, not just the benefit of the word "cooperative" which is only a terminology. If we put this into practice it becomes a way of life but if we only take it to be a sacred or sanctified word it would not be of any use. Therefore, let everyone be intent upon leading a life of industry, perservance, honesty, and to maintain unity by being considerate to one another so as to make each one's life happier..."

The royal address of H.M. King Bhumibol Adulyadej of Thailand, RAMA IX, to the Agricultural Cooperatives, Cooperative Communities and Fishery Cooperatives on the occasion of being granted audience at Dusidalai Hall on May 7, 1979

DEDICATION

This dissertation is dedicated respectfully

to the memory of my father,

Prasit Wattanasiri,

whose continual love for and commitment to

his community has inspired me to work

towards a better society

and to my mother,

Sumalee Wattanasiri,

whose unfailing love and care has made me

become a person.

ABSTRACT

Throughout the South or developing world, the concept and strategy of cooperatives has assumed a significant role in rural development policies and plans. Cooperatives are seen as more effective mechanisms for reaching the poor and marginalized sectors of society including the poor peasantry. In Thailand, cooperatives have been integrated in various national development plans in an effort by the government to meet the basic needs of the rural poor. Hence, although a major thrust of Thai development has been towards the modernization paradigm, cooperatives have provided opportunities for the poor people to develop greater self reliance and economic progress.

This case study is an in-depth examination of a Group for Production Credit cooperative (GPC) in a rural village of a northeastern *Mukdaharn* province of Thailand. GPCs have been considered in official circles as a successful exemplar of cooperative development. The study specifically investigates how the GPC of *Ban Boa* started initially and has developed, the positive and negative factors affecting its development, the GPC's current and potential problems, the beneficiaries of the GPC, and the role of people's participation in small scale cooperatives.

Document analysis, participant observation and unstructured interviews were the main methods for data collection of this study which was based on a three months period of data collection. All together 42 informants were interviewed, 32 of whom are members of the GPC.

The findings reveal that the GPC in *Ban* Boa was initiated by government officials as a regular rural development program of the Thai government to try to redress the

problems of poverty and simultaneously improve the standard of living of rural people. It has become "a real financial institution" for the community since it offers a variety of convenient and needed services. However, the operation of the GPC also resulted in more small fractions in the community. The study found that the "better-off" members appeared to benefit more from the GPC than the poor ones.

Several social and economic factors were found in the study to have contributed to the development of the GPC. A first factor was the remarkable leadership and untiring efforts of its leaders and the technical supports from involved government officials. Second, locally mobilized financial resource and government funding were crucial in the progress of the GPC program. Many problems occurring during the development phase were successfully solved by the GPC leaders. With regard to the future of the GPC, it is presently facing new kinds of problems that can undermine its sustainability.

Finally, critical analysis of the data reveals that the GPC of *Ban Boa*, as a small scale cooperative, is still largely based on the Basic Needs paradigm rather than the critical paradigm. It only responds to the member needs without helping them to comprehend the existing structural causes of their poverty. Moreover, the practice of the GPC has minimally corresponded to the universal cooperative principles without which a cooperative cannot become a strong people's organization. The study offers recommendations for both the *Ban Boa* GPC and the Community Development Department, as well as suggestions for future research on small-scale cooperatives.

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CHAPTER 1

INTRODUCTION

Background

Development in Third World countries, including Thailand, has generally been dominated by the *modernization paradigm*. In this paradigm of development, emphasis is laid on economic growth through technology transfer and capital inflow from more advanced industrialized countries. Institutions in all sectors (e.g. government, business, education) and attitudes and values in all spheres of life (e.g. culture, religion, and health) need to change from "traditional" to "modern" frameworks. In Thailand the early phases of development focused fundamentally on economic growth which necessitated an emphasis on the development of infrastructures and urban industrialization.

With the development policies of import-substitution during the 1960s and 1970s and of export-oriented industrialization in the 1980s, Thai economic growth developed at an average rate of 7 percent during the past three decades. However, this growth did not trickle down to the rural sectors. In fact, the implementation of those development policies led to an increase in income disparities between the urban and rural sectors. Nevertheless, the development of rural areas specifically in the field of agriculture gradually gained the government's attention since the late 1960s and has been emphasized seriously in the 1980s and 1990s. Subsequently, increasing agricultural production and productivity became one of the prime objectives of rural development in Thailand.

Despite the adoption, adjustment, and implementation of various development strategies to develop the rural sector, major problems (e.g. poverty and inequality in income distribution caused by "faulty" development in the past), still confronted the majority of rural poor people, especially the small farmers. In an attempt to help the

farmers overcome some of those problems, the Thai Government promoted ideas and practice of cooperatives at different levels in rural areas through various governmental organizations, (the Cooperatives Promotion Department or CPD and the Community Development Department or CDD). Government efforts to introduce cooperative as a vehicle to realize social and economic developments of Thai rural communities resulted in varying outcomes. In this regard, one type of small-scale cooperatives currently scattered throughout rural areas of Thailand are the Groups for Production Credit (GPC). Principally, they provide Thai small farmers with not only access to financial capital but also opportunities to develop various skills and attitudes necessary for social and economic developments through their participation in cooperatives.

Over the past ten years my work and role as an officer of the Community Development Department, Ministry of Interior, Government of Thailand has sensitized me to the importance of creating institutional mechanisms which effectively reach the rural poor. Given that the GPCs are able to reach out to the poor farmers, I was motivated to find out the critical factors which influence the degree of success of such small scale cooperatives. However, before elaborating the research problem, it is useful to provide a concise background to rural development issues and the role of cooperatives in Thailand.

Development in Thailand

Thailand[1] is located on the Southeast Asian mainland and occupies an area of 513,115 sq.km., or approximately the size of France. It is bounded on the north by the Democratic People's Republic of Laos and Myanmar (formerly the Socialist Republic of

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[1] "Siam" is the name by which the country was known to the world until 1939 and again between 1945 and 1949. On May 11, 1949, an official proclamation changed the name of the country to "*Prathet Thai*," or "Thailand," by which it has since been known. The word "Thai" means "free" and therefore "Thailand" means "Land of the Free."

the Union of Burma), on the east by Democratic Kampuchea and the Gulf of Thailand, on the west by Myanmar, and the Indian Ocean, and on the south by Malaysia. Bangkok is its capital city. Administratively, Thailand is divided into 75 provinces each of which is administered by an appointed governor and sub-divided into districts. Each distric is further divided into sub-districts or *tambons* (groups of villages) which are broken down into smallest governing unit, villages or *moobans* (OPM, 1991).

The population of Thailand is approximately 55.5 million (June, 1989), with an annual growth rate of approximately 1.3 percent. The majority of Thais, about 95 percent of the population, are Buddhist and speak the official national language - Thai. Other principal languages are Chinese, Malay, and English, a mandatory subject in public schools which is widely spoken and understood, particularly in Bangkok and other major cities. Dialects are spoken in rural areas (Ibid: 2-3).

Modernization in Thailand began in the reign of King Rama IV (1851-1868)[2] and continued extensively under King Rama V (1868-1910). Both kings had been exposed directly to Western influence, especially during the colonial era (OPM, 1991). As a consequence, various aspects of physical infrastructures, technological and organizational reforms were undertaken during the former period, whereas the country's bureaucratic administration and public education were modernized and social institutions reformed during the Rama V era (Wyatt, 1969; Watson, 1980).

The 1960s was indeed the opening phase of the modern development of Thailand guided by only one central national planning authority. From 1961 to 1986, Thailand completed five Five Year National Development Plans. There were certainly changes in the focus of development in each plan, as well as their outcomes. The following section

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[2] King Mongkut (Rama IV) was widely known from the musical "King and I," written by one of his employees at court - the English Anna H. Leonowens "whose books on Siam have resulted in several misunderstandings concerning King Mongkut's character and reign." (National Identity Office, 1991: 22)

present the experiences and the outcomes of development in Thailand from 1961 to 1986.

The Thai government's attempts at "planned development" started in late 1959 when the National Economic Development Board[3] was established. Since then all national development plans of Thailand have been under the influence of two major development theories - *growth theory* and *growth and equity theory* or *redistribution with growth theory*. Strongly advocated by development scholars in the West and the United Nations during the postwar period, these theoretical perspectives are based on the modernization paradigm[4] (Uthakorn, 1988).

Under the influence of the *growth model*, Thailand inaugurated its First National Economic Development Plan (1961-1966) in 1961 aimed at the modernization of the economy (Unakul, 1987). With considerable external aid, mainly from the USA, Thailand invested in physical infrastructures to lay the foundation for its economic development (Nairn, 1966; Caldwell, 1974). Both foreign and domestic private sectors were vigorously encouraged to take part in the industrialization process (Mingmaneenakin, 1988).

The Second Plan (1967-1971) was largely a continuation of the First Plan. However, besides the strong emphasis on economic growth, the scope of the Plan's objectives was expanded to cover the development of state enterprises and local administration agencies (Thinnakorn, 1988). Furthermore, the Plan also emphasized the rural areas by allocating about 70-80 percent of its development budget for rural development projects (DSID, 1990).

---

[3] This National Economic and Social Development Board was initially name as the National Economic Development Board.

[4] In Thailand, this influence was mainly from development policies of the World Bank and from the foreign policy of the United States of America that sought allies to aid in repressing the spread of communist ideology (CDD, 1987: 87).

Learning a great deal from the operation of the previous Plans, the Third Plan (1972-1976) paid more attention to social aspects, thus resulting in the Plan's new title - National Economic and Social Development Plan. It aimed to equalize the income distribution among people and to bridge the economic and social gaps between rural and urban regions. Hence there were great efforts to expand primary education to reach rural children (Chantavanich *et al.*, 1990) and to improve the existing agricultural credit institutions (Mingmaneenakin, 1988).

It is worth noting that the emphasis during the second half of the Third Plan period - the organizational development of rural communities and the basic education campaign - was driven by the 1973 student uprising that overthrew the military government and by the existing threat from a communist subversive movement in rural Thailand (Puntasen, 1987; Turton, 1987; Dhiravegin, 1990).

Realizing that both economic and social developments were lagging during the Third Plan, the Fourth Plan (1977-1981) aimed at "economic recovery" and "natural resource development." The Plan gave the improvement and utilization of natural resources (i.e. land, water resources, forest and mineral resources) high development priority.

Following the international movement in rural development innovation which originated in Pakistan in 1972, the Fifth Plan (1982-1986) adopted "Integrated Rural Development" (IRD) as a new strategy for rural development in Thailand. The Plan aimed to achieve the rural development's goal of (a) more balanced development between regions, (b) better standard of living for rural people, and (c) more equitable income distribution among people of different groups in society (CDD, 1987). Moreover, aware of the persistently widening gap between the availability of government services and the needs of rural people, the government tried its best to integrate and mobilize available resources for rural development, as well as to encourage the private sector to take part in the rural development process (DSID, 1990).

Consequences of Development

During the implementation of the past five National Development Plans (1961-1986), Thailand experienced mixed results. For instance, there were striking economic growth in some years, but on the other hand there were a number of structural problems that were keeping the level of income and standard of living of most rural people very low. In this regard, the Ministry of Public Health (MOPH, 1986) questioned the growth model which concentrated merely on the increase in Gross National Product (GNP) to achieve the country's development goal. The model did not yield the expected outcomes.

Despite the markedly high GDP, the data from the MOPH indicated the great difference in per capita income of people in different areas. Thailand experienced the increase of GDP from 1961 (60,000 million) to 1981 (817,000 million) i.e. an increase of about 14 times; and in the same period, the increase of exporting goods and the average per capita income for the whole country rose by 16 times and 8 times, respectively (MOPH, 1986: 1). But in contrast, the per capita income of rural farmers in 1960, 1970, and 1980 was only 16.2%, 15.2%, and 11.8% of that of the urban persons, respectively (Ibid: 2).

It is indisputable that the development model employed in the past national development plans of Thailand since 1961 to 1986 did result in the increasingly widening gap between people in the urban and rural sectors, leading in turn to regional disparity in economic development (Punpiumrat, 1993; Makarapong, 1994). Further, the study of DSID (1990) of the NESDB revealed that the same phenomenon worsened after the completion of the Fifth National Development Plan in 1987. For instance, the average income per capita in Bangkok, which was about 6.9 times more than that in the Northeast in 1978, was found to be 8.5 times more in 1987 (p. 19).

The data presented by TDRI also indicate the problem of widening income disparity during the Fifth Plan. That is, while the highest income group (about 20% of

total population) had gained increasingly, 51.5 and 55.6 per cent of the total national income in 1981 and 1986 respectively, the lowest income group (about 20% of total population) received only 5.4 and 4.5 per cent of the national income in the same years (TDRI, 1988: 15).

Thus although the Thai government has officially claimed development during the first five national plans to be successful, some factual consequences need to be scrutinized. For instance, the government's emphasis on both import-substitution and export-oriented growth had put the agricultural sector at a disadvantage in the market economy. This resulted in a large number of social problems such as absolute poverty in rural areas, migration of rural labour to modern sector, exploitative labour relations affecting young people and women recruited in urban factories, and the prostitution problem especially in big cities. Although every government of Thailand introduced and implemented several approaches to rural development since 1961, the real outcomes cannot be considered as successful for the intended groups of rural people - the poor farmers have not yet benefited from the fruits of past development as planned. To present an overview of Thai rural development experiences, rural development strategies employed in Thailand are briefly presented in the following section.

Rural Development Strategies

Every Thai government has always wanted to increase agricultural productivity for many reasons. Primarily, the development of the agricultural sector was considered necessary so that its growth can support the development of the modern sector. But for some, the government's effort in doing so was a mere political tool for cooling out social tensions and for ensuring national security as threatened by communist subversives, especially in the rural areas (Turton, 1987, Mingmaneenakin, 1988; Dhiravegin, 1990).

The past experience of rural development in Thailand showed that various strategies were adopted and implemented simultaneously over a period of time. Those

strategies can be grouped into four main categories which are as follows: (a) agricultural extension, (b) community development, (c) integrated rural development, and (d) fulfillment of basic needs (Heim *et al.*, 1986; Mingmaneenakin, 1988).

I. The Agricultural Extension Strategy

The objective of the agricultural extension strategy in its early stages was to improve farm practices, production and productivity (Phongprapai & Setty, 1988). The concept underlying this strategy is based on the notion that, "there was a wider gap between scientific farming technology and traditional farm practices on the part of the farmers" (Ibid: 1). Later, other objectives were added to improve the quality of life of the rural people. These include, for example, teaching home economics to women and training in leadership for youths and farmers. The Department of Agricultural Extension, Ministry of Agriculture, adopted this strategy in the 1950s, but a large-scale extension operation system, officially called the National Agricultural Extension Project, was started in Thailand in 1977.

II. The Community Development Strategy.

This community development (CD) strategy was adopted in Thailand in the 1950s and is still intact. The strategy is based on the notion that no government can afford to provide team technicians in all the rural communities (Jacobs, 1971). Therefore, rural people should be able to deal with their own needs and problems by utilizing local human and material resources. As such, this strategy is indeed "people-oriented," aiming at the development of people's potentials and viewing the development activities as a means for helping involved people to learn to solve their problems. Consequently, rural people will be affiliated more with the "self-help" concept and eventually become increasingly "self-reliant" (CDD: 1987).

The Community Development Department (CDD) founded in 1962 was the main actor in implementing the Community Development strategy. CD workers from this department were assigned to work individually with rural people in specific villages. Generally they adhered to CD principles, which include the holistic approach, people-oriented, local resource utilization, working with group, and self-help. They organized and coordinated development activities in the rural communities. The activities included the establishment and development of local organizations, the promotion of health and hygiene, and the promotion of democracy.

III. The Integrated Rural Development Strategy (IRD).

The IRD strategy was adopted in Thailand in the early 1980s as the underlying rural development policy in the Fifth National Development Plan (1982-1986) and continued into the Sixth Plan. This approach aims to achieve several objectives, namely higher production, more employment, and a more equal income distribution. It is a multi-sectoral program to attain socio-economic integration of the various income groups of a community (Heim, *et al.*, 1986; Sing and Deb, 1985).

The implementation of IRD is based at the local level because it needs local initiatives, local level planning and a responsive institutional and administrative system. According to this strategy, both rural people and areas, being faced with severe problems, need to be targeted so that development projects can benefit them. It requires not only more integrative committees at the national, provincial, district levels, but also at the sub-district ones. As such, the development of people's organizations at local levels has retained high priority in rural development policy in Thailand (Vuthimedhi, 1989).

IV. The Basic Needs Strategy.

This is a development strategy oriented towards satisfying the basic needs of the people who are facing serious social and economic problems.[5] The strategy was introduced by the World Bank and the International Labour Organization (World Bank, 1975; ILO, 1976) as a response to the aftermath of development in Third World or developing countries during the first "Development Decade" of the Bank. Having a similar experience to most Third World countries, Thailand adopted and implemented this strategy in its Fifth and Sixth Plan.

To ensure that problems of rural people are solved and their needs met, "basic minimum needs" (BMN) in thirty two indicators were identified in eight categories (later modified to be thirty-seven indicators in 9 categories, see Appendix B). The indicators serve as the measure of the BMN that both individual family and every community should attempt to achieve (MOPH, 1986). The categories cover the areas of nutrition, housing and living environment, access to primary public services, security in life and property, efficient farming production, family planning, people's participation in development, and ethical and moral conduct (Decharin, 1990: 62-64). Currently most development projects implemented by various government agencies focus the contents of their development activities around the BMN indicators as much as possible.

In summary, the rural development strategies described above were adopted in development schemes of Thailand at different times, but are still in effect today. As national development planning becomes more advanced and sophisticated, these development strategies are presently blended in the development programs initiated and implemented by various governmental organizations concerned with rural development. However, the IRD has become the overall umbrella-like strategy under which the others have been implemented by relevant government organizations (Vuthimedhi, 1989).

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[5] For Mingmaneenakin (1988, p. 37), this strategy is called *Poverty focused rural development*.

Attempts at rural development of Thai government in the past three decades can be considered as being successful in a limited scope. Although the growth rate of Thai economy during the 1960s and 1970s had been very high,[6] it was also accompanied by the problem of environmental deterioration and absolute poverty which assaulted the majority of poor people in the country (Makarapong, 1994; Punpiumrat, 1982). According to Punpiumrat (1982), the NESDB itself admitted after the completion of the Fifth Plan that, "although the (rural development) programs (of the Plan) has helped to lessen the rural poverty, the latter has not been completely eliminated" (p. 16).

By and large, the Thai government had not been able to eradicate chronic poverty in rural areas, nor could it slow down the process of environmental degradation. Within the existing market economy and with the limits of supporting systems for farmers, the agricultural extension strategy has worsened the poor farmers' situation. With the Thai government maintaining strong centralization of power, people's participation in community development programs seemed to have been reduced to just "inactive participation" in the development process, without having real influence on the decision-making in resource allocation and genuine control over the directions of development. Indeed, development under the dominant modernization paradigm has failed to help the poor farmers to understand the socio-economic systems that have actually put them at a disadvantage, exploiting them while favouring the "better-off". Hence, they have hardly become conscientized and subsequently empowered to deal with various problems collectively and self-reliantly.

It seems that the Thai government has never put serious efforts to genuinely foster the poor farmers to be an equal partner in the development process. Both the integrated rural development strategy and the basic needs strategy are to manage

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[6] For example, the growth rate of each NESD plan, from the first to the fourth plan, was 8%, 7.5%, 6.2% and 7.1% respectively (Unakul, 1987). However, the contribution of economic growth did not "trickle down" to the rural sectors but concentrated solely in the urban (Mingmaneenakin, 1988; Ketudat, 1990).

different kinds of development activities in order to deliver government services to the poor farmers in rural areas. That is, what every government had done was only providing "timely and suitable" public services (i.e. roads, dams and irrigation system, electricity) and basic needs (i.e. educational and public health facilities), all of which the rural poor had never received before.

In practice, the government services and participation opportunities seem to act more as the "pacifiers" given to the poor farmers. While the latter have generally felt satisfied with the services and opportunities, in reality the Thai market economy still favours the "better-off" who produce manufactured goods at the expense of the well-being of the poor farmers. Consequently, the poor farmers have eventually been marginalized and inevitably fallen into deep indebtedness and absolute poverty as a result of their continual attempts at farming for survival.

However, the Thai government began to be more concerned about the development of rural people's potentials in the early 1980s. The pledge to develop rural people's capability was based on the "self-help" concept aiming at encouraging the role of the people "in making decisions to solve their own problems and the community problems in order to create self-reliance (Punpiumrat, 1982). In this context, more emphasis was given to organizing and developing people's organizations in rural areas. Examples of those organizations are self-defense volunteer groups (along the border), farmer groups, cooperatives, occupation groups, women groups, and youth groups (Decharin, 1990: 72-85).

In that regard, a farmers cooperative was also considered as one of the important development strategies which hoped to stimulate self-help efforts among people and aimed to improve agricultural productivity and ultimately the quality of life in rural areas. In fact, it has been playing a significant role in the agricultural development of Thailand for a long period of time. Hence, the following section will discuss the governments' attempts to help small farmers through the mechanism of cooperatives in Thailand.

Cooperatives in Thailand

There was evidence of Thai farmers attempting to "get together" in order to solve their mutual economic problems in the form of "agricultural cooperatives" as early as 1916 (CPD, 1979:1). It was an "unlimited liability credit cooperative" or "a village credit cooperative" whose main objective was to extend to the members "short, intermediate and long term loans" for general farm purposes and to help relieve the farmers from severe indebtedness (Tips *et al.*, 1986; Decharin, 1990). By the 50s and 60s, Thai government had recognized the need to make cooperatives a viable economic organization. Accordingly, cooperatives are considered highly essential to the successful extension of agricultural credit to small farmers as the most effective means to improve the "marketing" and "purchasing power" of the farmers and a productive way to improving crop-production techniques, including proper use of fertilizers, improved seeds, insecticides and pesticides (ICA, 1979: 419-20). In 1968, the Cooperatives Societies Act, BE. 2511 (1968) was promulgated, repealing the Cooperative Societies Act, BE. 2471 of 1928 to facilitate the expansion and improvement of cooperatives.

In the realm of rural development, the Thai government has been playing quite an important role in the development of agricultural cooperatives. This role is played through the operations of two organizations: the Cooperatives Promotion Department (CPD) and the Bank for Agriculture and Agricultural Cooperatives (BAAC). The CPD is fully responsible for the development of all "registered cooperatives" under the Cooperative Societies Act, BE. 2471 (1928) throughout the country. In 1943, the Bank for Cooperatives was established to serve as a financing centre for agricultural cooperatives, but was superseded by the Bank for Agriculture and Agricultural Cooperatives (BAAC) which was established in 1966 to widen the scope of operations, such as to grant loans to individual farmers as well as agricultural cooperatives (ICA, 1979).

Most of the "registered" agricultural cooperatives in Thailand are initiated and organized by those two governmental agencies. In general, they are "multi-purpose" ones[7] and are located at the district and higher levels. Their services include activities such as: (1) providing financial credits, (2) acting as a banking unit where the members save their money, (3) pooling agricultural goods for marketing, (4) purchasing necessary commodity goods or farming inputs from suppliers and retailing them to members at reasonable prices, (5) operating rice mill for family consumption of members and marketing purpose, and (6) promoting and diffusing agricultural technology to their members (CPD, 1979: 10-13; CPD, 1986: 7-8).

Besides the two government agencies, non-government agencies have also promoted the concept of cooperative. For instance, Catholic missionaries began setting up rural credit unions in the mid-60s within the framework of Christian development work. They aimed at tackling practical problems (FCNS, 1985). This initial effort soon resulted in a non-dominational movement which united about 250 village credit unions under the umbrella of the Credit Union League of Thailand (CULT)[8] (Fremerey, 1982).

Importantly, the concept of "cooperative" has been promoted as well at the village levels by the Community Development Department (CDD) of the Ministry of Interior. The CDD has promoted the concept in the "Saving for Production Credit Promotion Program" (SPCP) - one of its nine major programs carried out at the grassroots levels (CDD, 1988b).[9] The heart of SPCP is a "Group of Production Credit"

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[7] In this regard, Fremerey (1982: 21) argues that there has hardly been a single of credit organizations has developed into rural association with a *multi-functional* character over and above its original single purpose in Thailand.

[8] CULT is free of administrative procedures and limitations and has put particular value on a local advisory service and a loan system which is as unbureaucratic as possible. In 1979, the by-laws for the credit unions were changed so as to observe the cooperative regulations issued by the government. This for the first time entitled the established credit unions to acquire a recognised legal status by official registration (Fremerey, 1982).

[9] It should be noted that a GPC is a development activity that is based on the concept of cooperatives, but not a "legally registered cooperative" under the Cooperative Societies Act, BE. 2471 (1928).

(GPC) representing Thrifty Cooperatives, Credit Unions, Consumer Cooperatives, and Trade Unions (CDD, 1991). It is a small-scale cooperative program that includes different activities of various types of cooperatives. For example, it has saving and loan services, a general store, a rice milling service, and buying and selling service for local products, and other services.

As of January, 1990, there were 2,817 cooperatives in Thailand, excluding GPCs, accountable for 2.88 million members. These cooperatives can be divided into 5 main categories: Agricultural Cooperatives, Land Settlement Cooperatives, Thrift and Credit Cooperatives, Consumer Cooperatives, Fishery Cooperatives.[10] Among those, 1,251 are agricultural cooperatives (44.40% of the total) with 895,794 members (31.08% of the total) (Decharin, 1990: 78).

Despite a number of agricultural cooperatives (1,251) in existence in Thailand, there is still an urgent need for cooperatives at the village level. Prior to 1970 it was found that "institutional agricultural credit accounted for less than 10 percent of the total borrowing of farmers" (Singh, 1970: 474), and such situation seems to have remained unchanged. It was not only due to the insufficiency of available credits but the procedures and regulations in borrowing from financial institutions that have deprived rural farmers of financial resources for their production activities (Inwang & Jatuchai, 1990). It was noted that cooperatives with ample capital resources such as Thrift and Credit Cooperatives and Consumer Cooperatives are located mostly in cities, serving only urban non-agriculturists (ICA, 1979: 433).

A great number of Thai farmers tend to be in favour of and depend on private loans, even at exorbitant interest rates (Fremerey, 1982). This unfortunate financial situation of rural farmers is confirmed by the study of Pinthong and Netayaraksa 1988).

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[10] This division of cooperatives is cited from TDCPD's source in 1990; however, it was pointed out that there were actually six types of cooperatives, with the other one being "Service Cooperatives" (TDCPD, 1979), which in facet have been quite active until now.

According to their study, private money-lenders have been and will be playing significant roles in Thai agricultural economy in the future. According to them, most small farmers, who are in dire need of money for their subsistence and production, still favour borrowing from private money-lenders mainly because of convenience.

By and large, sufficient credits have not been made accessible to people in rural areas of Thailand. The agricultural cooperatives have not yet fully played their expected roles in the process of agricultural development (CPD, 1986). "Only few (agricultural) cooperatives were successful in operating their business activities and providing services for its members" (CPD, 1979: 9). As such, the implication is that most agricultural cooperatives in Thailand are unsuccessful and their failure seems to be accounted for by two internal factors, i.e. low member participation and subsequently capital insufficiency.

First, in comparing the five types of cooperatives, agricultural cooperatives seem to be the most numerous, but not in membership.[11] This may be explained by the fact that most Thai agricultural cooperatives are located at the district and higher levels, making them quite distant from the majority poor farmers.

Second, as a consequence of lower member participation, the agricultural cooperatives generally have much less financial resources to serve the needs of their members. Therefore, the cooperatives have not been perceived as beneficial or helpful to most poor farmers. This problem is further aggravated by the fact that most members of the cooperatives are poor farmers.

However, cooperatives at the village levels have been found useful for rural people in reducing their poverty level and consequently improving their living conditions. The case study of development activities in *Ban Hua Seur, Jormthong* District, *Chiengmai* Province, by CCDT shows that a small-scale village cooperative that focuses

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[11] Among 5 categories of cooperatives, agricultural coops alone account for 44.40% of the whole coops and have 31.08% of the whole members.

more on "saving" than "income generating" activity can effectively solve the problem of indebtedness of villagers. Moreover, the study illustrates a corruption-free operation. Finally, it shows that the participating villagers want to continue in their cooperative activity because it helps them reduce their debt and have some personal savings for family purposes (CCDT, 1990).

The GPC has also been found by Inwang and Anantmongkol (1989) to be an effective means to encourage people to take part in solving their own problems, as well as help improve living standard of its members.[12] From their comparative study of the effects of a GPC on the member and non-member villagers, Inwang and Anantmongkol concluded that:

> ...villagers who were members of group of production credit had higher income, higher rate of income increase, higher savings and higher investment than those who were non-members of the group" (1989: 7).

In this connection, another study of the development level[13] of 417 cooperatives in the jurisdiction of the RCDTAC II[14] found that only a small number of those GPCs have continuous services that are helpful to their members in terms of satisfying their needs. But most GPCs were found to be carrying out only saving activities while other activities that are being operated at the level, definitely need improvement (Inwang & Jatuchai, 1990). By and large, their study may virtually represent the situation of local GPCs in other areas in rural Thailand.

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[12] Inwang and Anantmongkol (1989) conduct a comparative study of the effects of a GPC on the member and non-member villagers in Tambon Sripan, Amphur Sawaengha, Angthong Province. It was found that the members of the GPC had evidently higher income, higher rate of income increase, higher savings and higher investment than those villagers who were not members of the group.

[13] The development level of GPC is established from weight (1-5) given to various indicators of the quality of different services of the GPC.

[14] RCDTAC is the **R**egional **C**ommunity **D**evelopment **T**echnical **A**ssistance **C**enter. Throughout Thailand, there are nine RCDTACs, each of which is responsible for 7-9 provinces.

In conclusion, the cooperative movement in Thailand has been considerably developed and promoted since 1916. Most cooperatives at the district and higher levels that were under the jurisdiction of government agencies appear to be less effective than their counterparts at the village level. In this regard, GPCs are the majority of small scale cooperatives that have been implemented at the village level throughout rural Thailand. Although many of the GPCs were found ineffective, a great number of them appear to have potentials in helping the poor farmers learn how to deal with their own problems and needs.

In fact, the GPCs seem to have been vigorously promoted by government officials and well received by rural villagers. For example, the number of GPCs in Thailand rose from 6,759 in 1986 to 9,009 in 1989, with the number of members increasing from 181,330 to 588,193. From a financial point of view, the savings of those GPCs during the same period increased from about 264.4 to 610.4 million baht (CDD, 1987: 78).

Statement of the Problem

Once a year, many of the GPCs have been selected as "very good GPCs" to receive the award of the "Best-Performanced GPCs Contest" which takes place at the regional and provincial levels (CDD, 1990b). In this context, 74 GPCs are selected to be the best at the provincial levels[15] and 9 at the regional level[16]. The objective of the contest is to develop good models of GPCs in a given area so that other GPCs can be stimulated by their progress and success and learn from them.

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[15] Thailand has 75 provinces. Except Bangkok, all other 74 provinces have each selected one best GPC out of those numerous ones at the district and sub-district levels each year.

[16] CDD divides rural area in Thailand into nine CD-regions, one of which covers the areas of approximately 7-9 provinces.

To date, however, there has been no in-depth case-study research based on the theory and practice of cooperative examining those award winning GPCs, in terms of their success and its contributing factors and conditions. Therefore, an in-depth study of one of the considered best GPCs at the regional level would indeed be most useful for both students and practitioners of small-scale cooperatives.

From the extensive scholarly literature on cooperatives worldwide, there is an emerging consensus and principles, issues and strategies that underlie the effectiveness and success of cooperatives. This research study will critically examine the theory and practice of small-scale cooperatives through the concrete experience of one credit-based cooperative in Thailand. The study will seek to clarify issues such as the goals, objectives and assumptions of the cooperative project; the processes of its evolution; factors explaining its degree of "success"; and its implications for improving the cooperative movement in a South country such as Thailand.

The particular GPC in this study is located in a small village called *Ban Boa* in *Mukdaharn* province, which is on the bank of the Mekong River bordering between the Thai northeastern areas and Laos. In particular, this study examines the context in which the GPC of *Ban Boa* has developed, the success it achieved, as well as the major factors contributing to the success, during the period from October, 1981 to April, 1993.

Research Questions

Principally, this study addressed the following specific research questions:

(1) What problems or other experiences did the villagers face prior to setting up the GPC ? How did a GPC get started and developed ?

(2) During the course of developing GPC, what problems have the members encountered and how did they solve these problems?

(3) Throughout their experience with the GPC what changes have the members perceived, both for themselves as individuals and the entire village ?

(4) What key factors have the members perceived as contributing to or hindering the success of GPC ?

(5) Are there any negative/positive consequences of the GPC?

(6) What issues currently confront the GPC ?

(7) What activities have the members participated in and in what way ? How often?

(8) What group of people are likely to benefit most from the GPC?

(9) What would villagers like to see happen to the GPC in the future ?

Significance of the Study

While GPCs have been promoted since 1979 as an importantly strategic social instrument for poor people to fight poverty, there has been no comprehensive and in-depth study of a GPC considered successful. Such a study focusing on the socio-cultural and economic factors which would be very useful for the successful operation of the GPC. Most often during meetings and workshops, only the experiences of those CD workers responsible for such successful GPCs have been shared. This study intends to provide useful information concerning some practical approaches to the development of GPCs. As such, the findings will be useful for both government officials in charge of promoting GPCs or other forms of cooperatives in rural areas and villagers involved in the GPC.

For government officials, the research findings should provide descriptive information which will enable them to have a better view of how rural people perceive and respond to cooperative organizations, especially at the village level, as well as to

offer some practical guidelines in helping rural people in this regard. At the policy level, it offers the policy-makers of the CDD reflective information regarding the policy on the Saving for Production Credit Promotion Program. As a consequence, adjustments can then be made in order to be more effective in helping rural people become self-reliant. For the development participants at the village level i.e. the GPC members, this research will provide them with an opportunity to reflect on their past experiences and to face the future with some comfort.

The findings of this study may also be useful to other organizations which are concerned with the promotion of cooperatives at the local level both in Thailand and in other developing countries as well. The strengths and weaknesses of this study should serve as lessons from which future researchers can learn.

By and large, the significance of this study will not only provide meaningful information to help improve the implementation process of the Saving for Production Credit Promotion Program, and GPCs in particular, but will also contribute to the existing pool of knowledge regarding cooperative developments in the process of rural development. In addition, the study will make it possible for other researchers to explore cross-cultural studies thereby significant comparisons and generalizations can be made.

Organization of the Study

The following will provide information about the plan of this study.

Chapter 1 presents an overview of the rationale, purpose, setting, and significance of the study.

Chapter 2 provides a review of the development theories which primarily fall under the purview of modernization and underdevelopment. It spans a number of paradigms and frameworks that have influenced the thinking and practice in the development of Third World countries, ranging from modernization to the dependency

and other critical perspectives. Further, the chapter also presents the discussion of *cooperatives* as a critical model for rural development in Third World countries. This is to highlight the past efforts of the Third World governments in developing their societies and to shed light on a more promising model of cooperatives for developing their rural sectors where the majority of the poor live.

Chapter 3 discusses some perspectives of both quantitative and qualitative research methodology and delineates the research methods employed in this study.

Chapter 4 presents the findings about *Ban Boa,* a village where a Group for Production Credits was examined. It includes the descriptions of social, cultural, and economic dimensions.

Chapter 5 focuses on the development and expansion of the GPC, as well as its performance and current situation.

Chapter 6 presents analysis and discussion of the study in six different themes. They include people's participation, enhancement of human potentials and capabilities, provision of basic needs, self-help development and organization, empowerment of people, and elimination of exploitation.

Chapter 7 concludes this study. It briefly summarizes the review of related literature, the employed methodology, and the major findings. Finally, the chapter presents some theoretical implications from this study before the recommendations for the improvement of the GPC program and the suggestions for future research of this nature are made.

CHAPTER 2

REVIEW OF RELATED LITERATURE AND RESEARCH

Introduction

Third World countries especially in the post-Second World War era have embarked on national programs and plans for development. The development paradigm that a country adopts guides, to a large extent, the directions, approaches, and strategies chosen for developing all sectors in the country, including rural areas.

After the first Decade of Development of the United Nations in the 1960s, rural development has increasingly gained importance in the national development plans of Third World countries in their efforts to improve the living standards of the rural poor. Unfortunately such development during the last two decades not only failed to benefit their majority poor but also marginalized them (Seers, 1970). While economic growth seemed to have been achieved successfully, as in the case of Thailand, the quality of life of rural farmers remains substantially poor (DSID, 1990). How development can help improve the living conditions of the majority poor in rural areas remains a central issue for national governments, official bilateral and multilateral agencies, and increasingly non-government organizations (NGOs).

This chapter reviews the development theories and paradigms that have had an influence over development directions in the Third World in the past three decades. Two major paradigms will be compared, namely the dominant paradigm of modernization and the emergent alternative critical paradigm. Further, the chapter also reviews the concept of "cooperatives," for it seems to be a promising development model under the critical perspective for rural development in Third World societies. The chapter finally reviews the experiences of cooperatives.

Theories of Development

It was in the early part of the twentieth century that the countries of the world were more clearly polarized into "advanced" and "underdeveloped" categories, as a result of what is called by V.I. Lenin the "imperialist stage of capitalism," (Brewer, 1987: 6). The "advanced" countries refer mostly to the nations, including former colonial powers, that had possessed more advanced industrial technology such as England, France, Netherlands, Germany and the USA; whereas, the "underdeveloped" countries encompass the colonies of the advanced centres and others which shared the structural characteristics of the colonies (Brewer, 1987 and Chirot & Merton, 1986). Currently, most countries in the world are classified as "Third World" or developing South countries and only a small number as "developed" countries.

There have been a variety of development theories posited by social scientists from different schools of thought since the end of World War II. Many of the theories that can be identified with the *modernization* paradigm originated largely from the USA and its allies during the late 1950s and early 1960s, while the emergent alternative critical paradigm was catalyzed by 'dependency' theorists who initially analyzed the Latin American situation in the mid-1960s.

It was especially in the area of rural development where the paradigms are clearly contrasted. While urban sectors of Third World societies were able to advance economically under modernization, rural and agricultural sectors in which a majority of the population live suffered most from the consequences of poverty. Hence by the 1980s, there was a strong call for a more appropriate development paradigm that would critically interpret Third World development problems and question the validity of the dominant modernization paradigm. This critical paradigm has gained a following among sectors of the Third World and advanced industrialized countries alike, notably among organized poor movements and NGOs. To understand the developmental transition

through which Third World countries have attempted to develop by adopting, adjusting, and implementing different approaches and strategies advocated by these alternative paradigms, it is pertinent to first concisely present the review of the major assumptions, ideas, and strategies.

Modernization Paradigm

Underpinning the modernization paradigm is the ideal type concept of "tradition-modernity" in social organization and value systems. Those that presently exist in the First World - "more developed" countries - are considered "modern," whereas those existing in the Third World - "less developed" countries - are "traditional." Therefore the existing "traditional" social organizations and value systems in the Third World are accountable for the underdevelopment of their societies (Valenzuela & Valenzuela, 1978).

In short, it can be summarized that: (1) all societies developed by moving from "traditionalism" to "modernity;" (2) those "more developed" societies, mostly the Western ones, had already passed their "traditionalism" and achieved successful economic development; (3) all "underdeveloped" societies still possess "traditionalism" in many aspects and subsequently, face such problems as poverty and low economic growth. Hence Third World countries can also develop or modernize their societies in the same manner; that is, they must transform their "traditional" social organizations and value systems to be "modern" ones, by taking a similar course of development to that taken by the now "developed societies" (Valenzuela & Valenzuela, 1978).

The implications of the modernization paradigm for development in Third World countries are varied. The literature on theories under the modernization paradigm classifies its implications into four disciplines, namely: (1) sociology, represented by Parsons' (1951) pattern variables; (2) economics, pioneered by Rostow's (1960) stages of economic growth; (3) psychology, led by the work of McClelland's (1966) *n*

achievement; and (4) political science, illustrated by the work of Almond and Powell (1965).

Parsons (1951) established five contrasting pairs of "pattern variables" to describe the ideal types of "traditional" and "modern" societies. These five dichotomies are: (1) affectivity versus affective neutrality, (2) self-orientation versus collective orientation, (3) particularism versus universalism, (4) ascription versus achievement, and (5) diffuseness versus specificity. According to Parsons, the shifts in pattern variables from the former to the latter category in each pair are understood as the modernization process (David, 1986; Janos, 1986).

Applying Parsons' "pattern variables" to the study of development process, Hoselitz (1960) argues that "developed" countries are characterized by universalism, achievement orientation, and functional specificity, while "underdeveloped" countries are characterized by the opposite variables of particularism, ascription, and functional diffuseness. For him, a society has to eliminate the traditional pattern variables in order to become "modern." In short, a "less developed" country needs to diffuse "modern attitudes and values" before it can be modern.

Rostow's (1960) stages of economic growth opened up the economic version of modernization theory. He proposed five stages of economic growth through which one society must pass to attain a self-sustaining economic growth. These five stages are traditional societies, pre-condition for take-off, take-off, drive toward maturity, and the age of high mass consumption.

Many "pre-conditions" for economic growth in underdeveloped societies must be emphasized before they reach the stage of "take-off." The "pre-conditions" are, for example, capital-mobilizing institutions, infrastructure, receptivity to science and technology, human-resource improvements (e.g. education, health), and an elite entrepreneurial class. In this regard, foreign investment notably via the transnational

corporation, transfer of needed capital and technology, and managerial and technical skills from the industrialized countries are considered essential for the development of the Third World (Toh, 1980: 14-15).

The psychological motives and other internal factors are considered by McClelland (1966) as fundamental contributors to the modernization process. According to him, the values and motives of people shape their own destiny. He refers to internal motivations as the "need for achievement" (*n* achievement) which is defined as "a desire to do well." He contends that rapid economic growth and high concentrations of the *n* achievement are related. Thus, he perceives a business entrepreneur as the one who has high *n* achievement. And an overall higher achievement motivation in a society will lead to economic development. On the contrary, a society's lack of *n* achievement is the main cause of its poverty and underdevelopment.

Among political scientists, "liberal-democracy" is perceived as the ultimate goal of a modern society and it should be sought by Third World countries in their attempts to become modern. In that context, the "developed" countries can advocate political development of the Third World countries by setting their own polities as "ideal" system and providing aid, including if necessary intervention by industrialized countries to help repress revolution (Almond and Powell, 1965).

In sum, the modernization paradigm attributes the lack of development to internal deficiencies seen as characteristics of traditional societies or as summarized by Valenzuela and Valenzuela (1978):

> ...the literature assumes that the values, institutions, and patterns of action of traditional society are both an expression and a cause of underdevelopment and constitute the main obstacles in the way of modernization. To enter the modern world, Third World countries have to overcome traditional norms and structures opening the way for social, economic, and political transformations...(p. 538)

Implications for Third World countries

From the 50s and 60s on, therefore, First World nations under the leadership of the USA, strongly encouraged the Third World to develop their economies according to the modernization paradigm. Besides foreign investments, the Western states and later Japan as well, provided aid programs to stimulate the modernization process. Almost all Third World governments and elite groups responded enthusiastically to the modernization paradigm advocated by their Western allies and the powerful multilateral agencies such as the International Monetary Fund (IMF) and the World Bank (WB) (Trainer, 1985). Essentially, those Third World countries pursuing modernization were attempting to develop along the path of capitalism and Western liberal democracy, although the latter goal was less important than the pursuit of economic growth by focusing heavily on the mobilization of investment capital and the utilization of advanced technology.

Furthermore, in almost every modernized society the "modern" (industrial) sector has received greater attention than the rural and agricultural sector. Since the former has been seen as able to generate economic growth more rapidly, such growth will then be *trickled down* to "traditional" (agricultural) sectors, from which necessary raw materials and wage labour for the "modern" sectors are produced. Essential to the capitalist mode of production which underlies the modernization paradigm in industrialized countries are: individual freedoms, private ownership and accumulation, and local and foreign investments. These variables, in turn, necessitated modern institutions which are supported by education, public health, and other social services.

The modernization process in Thailand is a good example of a Third World country that adopted the modernization paradigm of development. In September of 1950, the Thai Government signed the "Economic and Technical Cooperation Agreement" with the US Government in order to promote economic development within the country (Caldwell, 1974). The first financial loan from the World Bank was also

secured in 1950 to facilitate the modernization process (Silcock, 1967). In 1954, the government passed the "Industrial Promotion Act of 1954" in response to the capital inflow of American investment, thereby launching the process of industrialization in Thailand's modern era of development (Ibid: 40). Between July 1957 to June 1958, the Thai Government invited a team of World Bank officials to study the Thai economic system in order to provide some recommendations regarding its modernization. Furthermore, the World Bank had partially helped to establish "Industrial Financial Corporation of Thailand" in 1959. Consequently, the Thai Government announced the "Investment Act of 1960" and set up the "Board of Investment" in the same year (Thinnakorn, 1988: 164-165).

In 1961, the Thai leaders decided to adopt the policy of "Import Substitution Industrialization" into the national development strategies and began to implement the policy in the First National Development Plan in accordance with the United States' and the World Bank's recommendations. The government also began to promote private investments, as well as to privatize some state enterprises seen as inefficient in the industrialization process (Ibid: 170-172).

The Thai educational system was also redesigned to respond to the need for manpower required for the modernization process. Thailand implemented its first National Scheme of Education in 1960 (Watson, 1980). During the period of the first National Development Plan (1961-1966) the Thai Government responded to the manpower need by extensively modernizing its existing educational system. As it was stated, educational aims during the first plan period were:

> ...to improve and expand lower elementary education in the mean time increase the length of compulsory education from four to seven years; to improve and expand secondary education; to produce qualified teachers, especially in vocational education; and to expand university education at the same time as making courses more relevant for the country's manpower demands.." (Ibid: 139).

Dependency Theory and other Critiques of Modernization

Since the 60s, the modernization paradigm has received considerable questioning and criticism by a range of social scientists. According to Toh (1980), for example, Baran & Hobsbawm (1961), Gustafson (1961) and Frank (1970) have critiqued Rostow's stage of growth theory of modernization paradigm as "empirically and theoretically reductionist, (when) using static unilinear criteria to distinguish between `stages' that distort the historical and political-economic dynamics of social development" (p.24). Frank (1970) also questioned the "tradition-modernity" pattern-variables model favoured by modernization sociologists since modern "developed" countries are not free of particularism, ascriptivism, or functional diffusiveness. Further, the modernization theorists have tended to ignore the role of critical political-economic and historical factors in shaping individual change.

Furthermore, despite several decades of modernization, the "trickle down" strategy of development had failed to reach the poor majorities of the Third world, especially agricultural and rural sectors. Economic growth does not necessarily bring about development for all sectors of the population. Experiences of Third World countries in the 1960s showed that, at best, economic growth of modernization paradigm not only failed to solve social and political difficulties, it has also exaggerated the problems of inequalities and urban-rural gaps (Wignaraja, 1976; Seers, 1977).

Although the modernization paradigm has been intensely advocated and practised since the end of World War II, the experience of development efforts in most Third World countries raise serious questions about the validity of the theory. Most Third World countries have become deeply trapped in the exorbitant external debt crisis (Payer, 1974; Ghosh, 1985). For most Third World countries the intrusion of external aid makes their countries worse because it sabotages rather than helps their domestic economies (Payer, 1974). There was a "growing dissatisfaction with development

theory" in the 1960s. In fact, it was clear that "the major anomaly of (existing) development theory was the continuing lack of development" (Foster-Carter, 1976: 173). As these criticisms of modernization were raised, alternative explanations of underdevelopment and potential strategies for more equitable and people-centred development also emerged.

In this regard, one major theoretical source of opposition to the modernization paradigm was the "neo-Marxist" school of development theory. It was the economists at United Nations Economic Commission for Latin America (ECLA) who offered an alternative explanation for the TWCs' underdevelopment in their discourse on development (Blomstrom and Hettne, 1984). They focused on the unequal terms of trade between exporters of raw materials and exporters of manufactured goods instead of the values orientation and the diffusion or psychological models of explanation, as the cause of underdevelopment in Latin American countries (Valenzuela & Valenzuela, 1978).

According to Foster-Carter (1976):

> ...the new paradigm stresses the *interconnectedness* of development and underdevelopment, of `traditional' and `modern', and indeed of everything in general (the concepts of `totality' and `dependence');...it stresses historical factors, specially the active creation or `development of underdevelopment'; it speaks of `imperialism' and `capitalism', and of `social formation', `mode of production' and `class', in the language of Marx; it sees development as a revolutionary break rather than a continuing evolution from the present; and it advocates socialism...(p. 174-175)

Unlike modernization theorists, dependency theorists attributed under-development in Third World countries, particularly Latin America, to the expansion of capitalism by the industrialized countries. The industrialized nations ("centre" or "metropolis") had virtually exploited and extracted the surplus from poor countries ("peripheries" or "satellites") through their unequal economic relationship, and that resulted in the latter becoming further less developed. In turn, “centres” within a Third

World society exercise domination and exploitation over the "peripheries" or the urban and rural poor majorities (Frank, 1972).

In addition to dependency theorizing, critical challenging of the modernization paradigm has also come from such frameworks as Wallerstein's (1974) world system theory, Emmanuel's (1972) concept of "unequal exchange," and Amin's (1976) analysis of "unequal development." According to Wallerstein it is crucial to understand the patterns of development and underdevelopment within a world system of nation states that has come to be dominated by capitalism over some five hundred years.

For Emmanuel, capitalism is seen as a world system of exploitation through unequal exchange. The industrialized countries buy cheap raw materials from Third World countries and sell expensive manufactured or technological items in return. The products from Third World countries are cheaper because wages paid to workers are lower in these countries than in industrialized countries. As a result, unequal exploitation of labour leads to unequal exchange between industrialized and Third World countries. This finally leads to the unequal and dependent development which hinders future development in the Third World countries (Amin, 1976).

In summary, contrary to the modernization paradigm, the dependency theorists conceptualize underdevelopment in Third World countries as follows: First, Third World countries have been marginalized in the global systems from their dependency on the more advanced industrialized countries, mainly through their exploitative and unequal relations. Secondly, the underdevelopment of "satellite" societies and the development of "core" ones are reciprocally related - the former impoverishes the latter whereas the latter enriches the former. Thirdly, underdevelopment is not caused by traditional social and institutional structures and values but by the interaction of internal and external factors of unequal economic and political distribution of power. In recent years the conditions of development in Third World or South regions have been further affected by the phenomenon of global restructuring (Slater *et al.*, 1993; Pannu, 1996). Neoliberal

policies of globalization emphasized by North governments and international agencies, such as the IMF, have accentuated the rich-poor gaps between and within nations.

Based on a dependency theory and other critical perspectives which critique the modernization paradigm, a range of implications for alternative development in the third World can be drawn. These include (a) an urgent need for agrarian reform where landed elites still disproportionately control land resources; (b) a shift from export-oriented cash crop agriculture to rural development that is sustainable and enables the rural poor to be self-reliant in food supplies and other basic needs; (c) a reduction of the international debt burden that takes its toll on the poor majorities; (d) control and regulate foreign investments especially the transnational corporations; (e) increasing the relevance of aid so that it reaches and benefits the poor; (f) an increasing sensitivity to gender and development issues; and (g) empowering the poor to undertake environmentally sustainable development at local and national levels (George, 1976; Payer, 1982; Trainer, 1985; Redclift, 1984).

To date, despite such critiques, the modernization paradigm remains the dominant approach favoured by governments and large aid agencies to resolving underdevelopment problems. It is pertinent also to note that dependency theorizing has received some internal criticisms which have sparked some interesting debate. For example, Latin American analysts like Dos Santos (1973) and Cardoso (1973) argue that dependency relationships can still promote some degree of growth or "dependent development." Dependency theorizing has also been charged for overemphasizing the role of external factors in underdevelopment (Bossert, 1986; Fagerlind & Sahas, 1989) and for failing to provide satisfactory explanations for the rapid growth and industrial development of the "Newly Industrialized Countries" (NICs) that have been promoted through their extensive technological and economic relations with the more industrialized countries (Warren, 1980). Finally, the recent shift in economic strategy towards aspects of free market capitalism in state socialist countries like China has raised questions about

the utility of "socialist" strategies in producing and redistributing resources, or in promoting self-reliance through delinking from the global capitalist system. In this regard, while some dependency theorists have advocated Chinese or Cuban models of development, the majority view does not believe in a simple export of revolutionary models. Rather the Third World societies need to develop their own strategy of transformation based on local and national realities and aspirations.

Rural Development Paradigm

As noted earlier, most Third World countries have adopted development strategies and approaches in line with the Modernization paradigm. Only a few countries, such as China, Cuba, and Tanzania attempted development models some of whose elements would be more towards dependency analysis (Pichayasathit, 1993). Thus development models in Third World countries in general have emphasized economic growth, especially on industrialization in urban sectors, and a "trickle-down" approach to distribute development benefits to rural and the emerging urban poor sectors. The development experiences of most Third World countries show however, that the growth model seems to have failed in its mission of "trickling down" its benefits to the majority poor in Third World countries. The problems of economic and social inequalities in the Third World societies, especially in rural areas, have remained unsolved and appeared to be exacerbated by the development efforts of the 1960s and 1970s (Seers, 1972; Ghai, 1988). From within the modernization paradigm, this gap between theory and practice led to a greater attention to rural development. In the 1970s, the governments of Third World countries and the dominant aid agencies, notably the World Bank, began to express the importance of combating rural poverty and to ensure that development benefits reach the rural people (World Bank, 1975; Lea & Chaudhri, 1983). To achieve those objectives, most Third World countries such as Thailand (Coombs & Ahmed, 1974; Phongprapai & Setty, 1988) and South Korea (Wang, 1986), adopted an

agricultural extension and service strategy[1] to boost productivity in agricultural sectors, which subsequently would increase the family income of rural farmers. They also adopted the basic needs strategy[2], including nutrition, primary education, health and water supply, sanitation and housing, to improve the standard of living of rural people.

In the 1980s there was "the judgment that the rural farmer's poverty stems from a host of problems," and it required "a package of coordinated responses-from health services to agricultural extension to credit and technology dissemination" (Honadle and VanSant, 1985: 3). As a result, the Integrated Rural Development (IRD) strategy[3] was adopted by most governments of TWCs. IRD then became the popularly used strategy in TWCs by the mid-1980 for rural development policies and programmes that possess the features aiming at growth, equity, and people's participation for eradication of poverty (Wang, 1986: 539-540). Also incorporated into IRD strategy was the concept of Self-Help[4], emphasizing the importance of locally available resources, material and human, in supplementing the government's rural development efforts.

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[1] This strategy is a product of an international agriculture and rural development technology transfer primarily from the United States. The extension work system serves as an outside arm of government that deliveries services to farmers (Wang, 1986). Based on the diffusion-innovation model (Roger, 1983), the objectives of the agricultural extension strategy are to increase farmers' production and to improve rural family life.

[2] In 1976 the International Labour Organization adopted a *Declaration of Principles and Programme of Action* for a Basic Needs strategy of development; and in 1978 the World Bank initiated work on basic needs (Doyal and Gough, 1991). In response to the shortcoming of the first development decade, and the absolute poverty in TWCs, this strategy "was morally sound: `putting basic needs first' and closer to what should be the fundamental objectives of development" (Ibid: 153).

[3] The concept of IRD originated in Pakistan in 1972. It emphasized (1) the coordination and institution-building at central and provincial government levels, (2) the development at the local level, (3) the participation of all rural people, (4) the concept of "self-help" and "self-reliance," and (5) the organizational arrangements with combined adequate supervision, follow-up, research, and evaluation to cover a large people at minimum costs (Wang, 1986: 218).

[4] The Self-Help concept is mostly known as community development strategy (Pichayasathit, 1993). It was adopted in the 1950s and is still active today. The strategy is based on the notion that no government can afford to provide team technicians in all rural communities. Therefore, the multi-purpose development worker was created to help identify the community's felt needs, organize, and mobilize the people in development actions (Brokensha and Hodge, 1969; Shah, 1977; Sharma, 1977; Sussman, 1982; Gow and Vansant, 1983;). Nonetheless, it was pointed out that, community development strategy was vigorously promoted in Thailand by the USA during the early 1960s, because the US government wanted to repress

However, despite continuous attempts of TWCs to develop their rural areas, most rural development policies especially intended to aid the poor were found unsuccessful and, sometimes, had quite perverse results in the 1980s (Ellis, 1991). Their expenditure policies, intended to make many basic services accessible to the poor seemed seldom to have reached their supposed target groups, and often ended up subsidizing the more favoured segments of society (Bird & Horton, 1989), as in the case of Tanzania (Horton, 1989).

Clearly, rural poverty in Third World countries has persisted despite the modernization goal of rural development in increasing agricultural productivity. While occasional environmental conditions have played a role, the major obstacles have been structural problems of inequalities and maldistribution of resources. Furthermore, due to the lower terms of trade of agricultural products in the market, in contrast with the manufactured goods and the use of expensive chemical inputs, the majority of small farmers in Third World countries have fallen into deep indebtedness. After many decades of modernization, the plight of the poor seems to be worse; the number of malnourished and illiterate people is larger than ever before; and the violence against nature is such that people's survival is threatened (Bhasin, 1992). By the 1980s, a newer rural development paradigm that would be more responsive to the structural obstacles and the basic needs of the poor majorities was being advocated, notably through the work of grassroots NGOs and critical development theorists.

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the spread of communist ideology in Thailand and its neighbouring countries (CDD, 1987). In practice, the Self-Help concept has been incorporated as well into many other rural development strategies in TWCs. For example, the internationally well known Korean *Saemaul Undong* has embodied the Self-Help spirit among its major three "ever-famous essentials": (1) diligence, (2) self-help, and (3) cooperation (Wang, 1986: 226).

Critical Paradigm

The repercussions of development in TWCs during the 1970s have redirected development scholars to develop broader perspectives of development and its problems. Under the new development paradigm, or what I will refer to as the "critical paradigm," the problems in Third World countries began to be understood by the scholars increasingly as "structural phenomena." To alleviate and finally solve the problems, a critical development model needs to span a wider range of objectives than that of the traditional development model.

For example, the development commitment of Third World governments to a high level of material affluence and living standard as measured by Western norms of consumerism was held accountable for the persistence of mass poverty and inequalities (Moshoeshoe II, 1987). It was argued, by using Gandhi's word, that, "there is a sufficiency in the world for man's needs; but there is not enough for man's greed" (Ibid: 78). That is, "it is impossible for everyone on the earth to have the standard of living the rich in the industrialized countries have. Such high levels of consumption are totally unsustainable" (Bhasin, 1992: 31). As such, there is a need for the examination of questions such as "development of what, by whom, for whom, and how" and thus there is the challenge for Third World countries to pursue a more "self-reliant" development model, gearing their resources directly to produce what their people really need.

Second, there has been increasingly a considerable concern about environmental degradation. Many concerned scholars began to recognize the "causal relationship" between absolute poverty and the state of the natural environment, or between economic development and environmental quality in the 1980s and 1990s. Regardless of poor or rich societies, a myriad of problems were caused, both directly and indirectly, by environmental degradation. The degradation is in part aggravated by poverty, because the poor have no option but to exploit resources for short-term survival. Conversely,

internal and external elite sectors continue to unsustainably exploit resources leading to environmental destruction (Bartelmus, 1986: 18).

However, modern and high technology extensively employed in industrial sectors in any society, particularly a western one, must be held responsible for those problems, as well. Vivian (1991) points out that there is also a blame on the excessive wealth and overconsumption of industrialized societies for the majority of unsustainable resource extraction. As such, many development scholars concur that economic development must be "sustainable" and in mutually reinforcing relationship with environment (Dampier, 1982; Tobla, 1984; Bartelmus, 1986; Vivian, 1991; Mische, 1992).

Third, there was a call, increasingly, for an active role of people in the development process, especially the deprived and excluded (i.e. women and rural poor farmers) who are supposed to benefit from the development. It was recognized that only governments and powerful private sector interests had major control over the development process whereas a large number of ordinary citizens are usually excluded from the process. Not surprisingly, the "benefits" of modernization seldom reach the poor. This also implies the centralization of powers in resource allocation and decision making in past development that were less beneficial to the poor.

For development to succeed, it must be a participatory and democratic process. Once the people get involved in the process democratically, at every level of society, they will have opportunities to genuinely learn by doing and subsequently, become capable of dealing with their own problems. They also need to be facilitated to understand the "historical genesis of their situations" in order to become "empowered" and then to decide to take their destiny in their own hands. For that to take place, the people's potentials and capabilities definitely need to be enhanced. In short, what have been proposed basically in this regard are the concept of people's participation, grassroots democracy, decentralization, and people's empowerment in development

process in TWCs (Gran, 1983; Oakley & Marsden, 1984; Oakley, 1987; Dillon & Steifel, 1987; Ghai, 1988; Vivian, 1991; and Bhasin, 1992).

Fourth, it was also proposed that in the development process the poor people need to work collectively in an organized form. Given the factual differences in political and economic power among different social groups and classes, the deprived masses need to be strengthened, thus playing significant roles in the process. As the process of re-distribution of development benefit to the poor eventually means challenging established power structures controlled by elite groups (Barraclough, 1990; Vivian, 1991), the former therefore have to establish their collective strength and countervailing power. As such, a critical development model must encourage "organized efforts to increase control over resources and regulative institutions in given social situations, on the part of groups and movements of those hitherto excluded from such control" (Pearse and Stiefel, 1979: 8).

In practice, the majority poor can empower themselves, socially and economically, and by pooling their available resources, as much as possible (Vivian, 1991). In a more organized form, they need to work collectively in organizations that are democratic, independent, and self-reliant (ACRD, 1979; ILO, 1976). In that connection, development then must seriously focus on the enhancement of manual and technical skills, planning and managerial competence and analytical and reflective abilities of the people (Vivian, 1991).

Fifth, in the 1990s the basic needs for the poor in Third World countries still remain as urgent as they have been in the past. Given that a number of poor people in Third World countries, be they unemployed labourers or landless farmers, is increasing, poverty has now become an absolute term.

In sum, the critical paradigm focuses on the importance of human potentials and capabilities in the context of relations with other social groups and their surroundings. In

this perspective, a summary can be drawn from the discussion above that, development in Third World countries must: 1) enable people to help themselves; 2) help people understand more clearly the "historical genesis of their situations" within, as well as the interrelatedness between the existing social, economic, and political systems and thus be conscious of the impacts of these systems on themselves; 3) enhance people's competence in analyzing and solving problems they are facing; 4) expand people's technical and manual skills needed for development; 5) encourage people to take part actively in development process so that they can be in better control over development directions as well as their own resources; 6) promote democratic, independent, and self-reliant people's organizations through which they pool their resources and work collectively to solve their problems and meet their needs; and finally, 7) provide basic needs for the majority poor.

In short, Ghai (1988) points out that:

> ...the optimal pattern of development should embody elements of all three: the growth of human capabilities and potentials must be accompanied by progressive reduction of material deprivation and social inequalities which, in turn, should flow from structural change and modernization of the economy...(p. 2-3)

With regard specifically to rural development, it must clearly be ranked high in their national development policy. Imperative in the critical paradigm, it must place greater emphasis on human dimensions than on economic growth (i.e. agricultural productivity), although the latter is still an indispensable component in Third World countries development efforts to combat poverty problems and to improve living standard in rural areas.

Local people must be encouraged to pool and organize their available resources, (e.g. knowledge, experiences, financial, material, etc.), in order to act collectively upon their own realities, including advocating for social transformation. At the same time, a

more critical awareness and empowerment needs to be accompanied by enhancement of their manual, technical, and managerial skills as well as their analytical competence.

In this regard, one social device initiated to build such collective will and strategies to deal largely with social and economic problems is a cooperative. In the realm of rural development in Third World countries, agricultural cooperatives have long served farmers with a wide range of functions. If well organized and developed, cooperatives can provide a socio-economic terrain for people to participate and learn to deal with their problems and needs democratically and subsequently, empower them to take control of their own destiny. To better understand cooperative and its relationship with development problems, the following sections will review theories of cooperative as well as the experiences of cooperatives in Third World countries.

Theories of Cooperatives

Cooperatives originated in England during the first half of 19^{th} century, primarily as urban, consumer retail enterprises. The first successful consumers' store was a project undertaken at Rochdale, England in 1844 by twenty-eight weavers who are generally considered as pioneers of today's cooperative movement. Later in the nineteenth century, the cooperative ideas spread to the rural sectors, acquiring real importance in northern Europe and the plains and prairies of North America.

The successful Pioneers' consumer store had actually set off many other forms of cooperatives. As the new industrial proletariat became the largest poverty class, the workers turned to *consumer cooperatives* to lower their cost of consumption and *trade unions* to increase their income. In the meanwhile, the farmer as a small unit of production turned to cooperatives for marketing, not production (Melnyk, 1985).

The widespread success of cooperative institutions resulted in the formation of the Intentional Cooperative Alliance (ICA) in 1895. According to Saxena (1993), the figures issued by ICA reveal that, presently, over 662 million individuals, through 194

national organizations, and 9 international organizations from 82 countries, are in its membership.

With the triumph of socialist revolutions in Russia and China, and the spread of socialism in Eastern Europe, the cooperative, although differently conceived, became an instrument of socialist agriculture by the peasantry. After World War II, the new state of Israel organized its agrarian economy on a predominantly cooperative basis. In Latin America, cooperatives were one of the formulas pursued by reformers whose intent was the breaking of the *latifundia*[5] tradition. Finally, many of the newly independent nations of Africa and Asia saw cooperative as a multipurpose vehicle for achieving a broad array of state objectives (Young *et al.*, 1981).

The Goals of Cooperative

The emergence of a cooperative has been explained differently by many scholars. According to Craig (1984), the Rochdale Pioneers took collective action in response to the oppressive effects of the Industrial Revolution which was accompanied by an enormous amount of economic and social displacement and *vicious* exploitation of waged labourers by the capitalist bourgeoisie. In that context, a cooperative emerged as an attempt to ameliorate inhumane conditions in the great industrial cities of Europe. Similarly, Khalidi (1983), views the Pioneers's action as an effort to recapture lost economic freedom and human rights in the midst of economic and political exploitation and class conflict. For him, "the beginning of cooperative development emanated from the yearning for economic freedom" (p.2). A cooperative was, in fact, "a defense mechanism against socio-economic and political oppression" (p.1). Whereas for Fairbairn

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[5] *Latifundia* is a large estate, characteristic of the agrarian structure of Latin America, in which the labourer is subject to the authoritative control of the normally absentee *patron*. The *latifundismo* is a system of such estates (Abercrombie *et al.*, 1988: 135).

and colleagues, "cooperatives were created because of needs that were left unmet both by the centralized state and the market (1991: 2).

In their study of cooperatives in Ghana and Uganda, Young and his colleagues (1981) view cooperative as, firstly, "one of the organizational responses to the demands of the 'development and widespread use of increasingly productive technologies.' Secondly, the cooperative functions as one of the new intermediary bodies through which government and farmers interact" (p. 16). Finally, Craig (1984: 30) seems to offer a more encompassing description of cooperative by stating that "a cooperative is a very special kind of organization, enterprise or society in which the voluntary and equal members are opposed to human exploitation; they protect themselves against it through the ownership of resources and pursue their mutual interests consciously and collectively."

It is quite obvious that a definition of a cooperative is varied with its social, economic, and political environment. As Widstrand (1972) pointed out, there are different types of cooperatives, some dissimilarities between those types, some discrepancies among cooperatives of the same kind, and, finally still, variations in perspectives of people who study cooperatives. It is important to note that a universal definition of a "cooperative" cannot be accepted, only its principles which guide its formation are applicable to all.

The Principles of Cooperative

The Rochdale Society set such an example that unto this day their principles of co-operation, acceptable by the International Cooperative Alliance (ICA) - an association of cooperatives from many countries including Canada - are referred to as the "Rochdale Principles" (Fairbairn, 1989). After being re-formulated in 1966 by the ICA, these principles have now been condensed into the six organizing principles (see Appendix A).

It is quite clear that the principles of cooperatives have the intention to ward against all kinds of exploitation that may be created by either internal or external discrimination and monopoly. Democracy is promoted in its operational procedures to ensure "equity and equality" among the members who actually are the owners of the cooperative. Besides the six principles, however, it was noted that there might be other principles that apply to different types of cooperatives as well, but the six principles apply universally to every cooperative. Therefore, any organization that fails even one of the six tests is not, according to the 1966 commission, a genuine cooperative (Fairbairn, 1989).

Second, in a cooperative a member gets only one vote no matter how much he or she invests in share capitals. This is because the cooperative is an organization of people, not an accumulation of the sums of capital. A cooperative responds to consumers' needs no matter what is the state of the economy because the members, through the democratic control structure, determine its policy and supervise its operations. For this reason among others, cooperatives are held to be an excellent remedy to monopoly situations. Unlike a profit-oriented company, they will not take a profit when they can get it, but instead, under the consumers' control, return the surplus to the member consumers.

Third, a cooperative, especially a consumer one, can represent the general interest of the members. This notion is also acknowledged by Blomqvist who emphasizes the cooperative's characteristic "As a consumer you own your enterprise and use it to satisfy your needs for goods and services" (1987: 2). In the view of many cooperative thinkers, this meant that the self-interest of the members of a consumer cooperative was very nearly identical with the general interest of the community, as long as the cooperative was open and did not discriminate in its membership.

Nevertheless, Fairbairn (1989) further highlights several other important points concerning these principles. First, cooperatives are actually owned by those who use them, not by investors who want to make a profit from them. In consumer cooperatives, the consumers' interest therefore is paramount. This is why the surpluses accrued from

trading, if they are distributed, are returned to a member as "refunds on sales," not as dividends on the initial capital put up by each member. If the surplus accrued at the end of the year is returned in proportion to patronage, then each member gets back exactly the amount of the surplus that came from his or her purchases. In this way, no other person profits from that member's transactions with his or her society. After the refund, the member has paid *exactly* what the goods cost to obtain and deliver. The cooperative system therefore eliminates all profit, speculation, and exploitation of consumers.

The Values of Cooperatives

There are three essential values upon which the principles were based, and these were endorsed by The International Cooperative Alliance. They are equality, equity and the pursuit of mutual individual interest (Craig, 1984).

As regards equality, there is a great difference between the liberal and cooperative philosophies on equality. Whereas within liberal democracy, equality of participation is restricted to voting for individuals who become members of a representative law-making assembly, cooperative democracy extends to its members the same equality of participation in the selection of directors but goes further in extending to all members equality of participation in the making of law or decision. Consequently, cooperative democracy has been described rather as being participatory.

As for the term equity, within cooperative context, it refers to the ownership of property. Of the three value dimensions of sharing, equity is likely the most instrumental; it is more a means to an end than it is an end in itself. Regarding the pursuit of mutual individual interest, Pobihushchy asserts that "a high degree of member participation in the process of mutual interest identification is more likely to result in the articulation of a

mutual interest that is an accurate reflection of that community." The high level of participation presumes an informed and knowledgeable membership. Thus the ever-present emphasis in the cooperative movement is on education and information.

Implications for Third World countries

Cooperative institutions are found in many countries of the world and ranged from "low-involvement" liberal democratic cooperatives countries to "high-intensity" communes. In some places, they receive no more than benign neglect from society, while in other countries they are at the forefront of state policy and serve as an essence of social and economic organization.

In some Third World countries, "cooperatives" seem to be the most viable solution to their rural development problems for two main reasons. First, according to Uphoff (1986), cooperatives provide a means to pool resources for their members and those resources are: (1) money, (2) labour, (3) purchasing power, and (4) products (p. 127). In fact, they can also pool marketing power if their members sell the pooled products collectively through cooperative channels. Second, cooperatives give rural development a means to create sustainable development in Third World countries. It is so because agricultural cooperatives are basically owned and managed by and for the members who are actually rural farmers at the local level. If the cooperatives are well organized, developed, and participated by their members, their development will be voluntarily sustained.

Basically, development activities simply cannot be imported from the outside, run on external capital, managed by expatriate personnel, and hoped to achieve lasting results. As Bergdall (1988: 77) clearly states, "the logic is obvious: for development

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[6] Cited in J. G. Craig. Ed., "Forward," *Working Papers.* Vol.3 No.3, Saskatchewan: Cooperative College of Canada, 1984. p.30.

efforts to be sustained over the long-haul, strong indigenous institutions are required." Locally grounded organizations are essential for durable initiatives to improve the quality of life.

Cooperatives' function of pooling resources is extremely vital to the success of rural development in TWCs. Through cooperatives, rural people not only can pool together their financial resources, labour, purchasing power, marketing power, and their products, as discussed earlier, but also can mobilize their own potentials such as local wisdom, expertise, technology, skills, expertise, and all kind of initiatives, all of which are crucial for successful rural development.

As far as the prevailing problems in rural areas and the available supporting social and physical services for Third World countries' rural development are concerned, the best strategy would be to organize and then empower grassroots organizations of rural poor, to deal with their own problems collectively.

It is important to note that all cooperatives share two basic features that ensure their membership in a single family. First is their idealistic goal of ending exploitative relations through self-help group and collective action and second is their pragmatic goal of successful economic activity. As such, a cooperative appears to have some benefits to offer in the context of rural development in Third World countries, including Thailand, where different forms of exploitative relations seem to prevail among rural people in their societies. It will provide a terrain whereby the rural poor can act and learn collectively to defend themselves from the extant unjust social and economic structures, to solve their problems, and to meet their needs by way of doing successful business activities. Eventually, the success in their collective endeavour will create in them the confidence and ability to take on a new horizon of development possibilities in order to change their socio-economic and political situations in society.

In addition, and most importantly, its democratic feature will cultivate in its members both knowledge and spirit of democracy that are most essential to the development of democratic societies. The practice of democracy in a cooperative will also sharpen gradually the members' consciousness of their own responsibilities and rightful interests, so that they will become empowered to take the matters in their own hands.

Experiences of Cooperatives in Third World Countries

In Third World countries whose primary development focus has been rural development, agricultural cooperatives serve as an important instrument of development policy. Largely, it is used by governments in dealing with the political and economic situation of the rural sector (Smith, 1961: 4). In that context, most agricultural cooperatives in Third World countries were set up, generally, as a result of governments' encouragement to deal with the problems of rural development. The extent to which the goals or objectives of agricultural cooperatives in those countries are met seems to vary. For example, countries such as China, Taiwan, Korea, India, Guatemala, and Uruguay have adopted the ideas and implemented cooperative programs in their rural development efforts. The programs in these countries have proven to be appropriate solutions to their rural development problems (Uphoff, 1986; Wang, 1986; Calkins *et al.*, 1992), while in other countries, such as Bangladesh, Bolivia, and Ghana (Uphoff, 1986; Bergdall, 1988), the programmes have struggled to survive.

In general, cooperatives in Third World countries have shared many common characteristics and problems. Basically cooperatives in these countries are mostly government initiated and tend to concentrate on small farmers, with the intention to do away with their exploitation and the indebtedness. However, cooperatives in Third World countries face widespread problems which include: poor democratic operation,

low supportive system or networks; weak leadership; ignorant, apathetic and passive members; too much government control that leads to the lack of autonomy; lack of funds, too much financial support over a long period of time; and low member participation (Ibid).

As indicated before, most cooperatives in Third World countries are largely initiated by and operated more or less under the control of the governments,[7] therefore the goals of cooperatives in these countries are varied. They depend upon the roles imposed by governments, which are, most likely, quite different from those of the cooperatives in Western societies from which the cooperative idea has been diffused. In fact, the Third World experiences show both successful and unsuccessful cases of cooperatives.

Research on Cooperatives in Third World countries

During the 1970s when rural development in TWCs was promoted, researchers attempted to understand the experiences of cooperatives in post-independence contexts. As a consequence, a number of interesting and valuable case studies were done. They tend to concentrate largely on individual cooperative societies, and on cooperative unions as a subsystems in which important social, economic, and political changes affect the society as a whole. In other studies, researchers have used the government's approach to cooperatives as a description and analysis of national political organizations and processes. In a third group of works, researchers have applied theoretical principles of cooperative to explain the causes of failure or success in cooperative operations (Young *et al.*, 1981).

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[7] See: Roy, 1964; Singh, 1970; Widstrand, 1970; ICA, 1979; Fremerey, 1982; Baviskar and Attwood, 1984; Abell, 1988.

In the context of rural development in Third World countries, most of the researches on cooperatives have fallen into the third type mentioned above. The fact is that cooperative is a Western idea and out of the cultural bounds of rural people of Third World countries, so most cooperatives in the Third World have been struggling. Clearly, a small number of cooperatives is considered successful while a majority of them experience difficulties which subsequently result in low performance.

Unsuccessful Cases

The low performance of cooperatives can be attributed to both `internal' and `external' factors. The main internal factors are *low participation of members*, *deficiency* of the administrative committee, and *capital insufficiency*. These factors can be further accounted for by various reasons.

In regard to *low participation*, members' lack of knowledge about cooperatives, and their rights and responsibility seems to be the most common reason for low participation (Axelsson & Hemlin, 1989). Secondly, quality of services is another frequently-mentioned element that relates to the level of participation. This is primarily due to inadequate services (Durga, 1989) and non-profit (not generating income) services (Somjee & Somjee, 1989). As regard to the latter two internal factors, Barrtt (1989) reveals that the success rate of cooperatives in South Africa has been poor. The reasons are a lack of managerial skill of committee members and a limited access of the cooperatives to credit capital for start-up activities.

As compared to the `internal' factors leading to low performance of cooperatives, the `external' ones seem to outnumber the former and these are the most common cases evident in Third World countries. First of all, the most typical obstacle to cooperatives' success is *too much governmental control* over cooperative organization . Rochin and Grossman (1989) found that the Egyptian government's intervention in the operation of

farmer cooperatives has eventually retarded the normal development of the latter and slowly eliminated the latter's internal energy of self determination. In practice, such control definitely reduces the autonomy of cooperatives.

Secondly, *too much and prolonged assistance* to cooperatives was found to be a deteriorating factor for cooperative development. In this regard, the Agricultural Cooperatives in Bolivia, the Comilla Small Farmer Cooperatives in Bangladesh, and the United Ghana Farmers Council in Ghana are classic examples (Uphoff, 1986: 304-316). After the initial success of the *Comilla Small Farmer Cooperatives,* the government allocated "huge amount of credit to be passed on to coop members" in order to expand the programme to cover larger areas. Consequently, "the philosophy of `self-help' with which the organizations began was washed out by the flood of resources that the government poured into the programme" (Uphoff, 1986: 316). These organizations were cooperatives that were promising only at their initial stages. Through their later stages, the Bolivian and Bangladesh cooperatives had deteriorated eventually by the continual flow of huge amount of financial aid from outsiders, be it the government or non-government organizations.

Thirdly, it was also found that *inconsistency of government strategy and too many government agencies involved* contribute to the low performance of cooperatives. Leunissen (1989) reveals the result of his study of rice cooperative in rural Fuji where he found low performance is partly attributable to inconsistencies in the government's development strategies. Another inhibiting factor is that too many government departments become involved when a cooperative seeks governmental advice and assistance.

Successful Cases

With regard to successful cooperatives in Third World countries, there are quite a few contributing factors. Much of the contributing factors are broader and needed services, profit-making services, members' knowledge about cooperative, financial mobilization, less control and intervention from government, and initial help only. Besides these factors, one more aspect of cooperative development should be noted, that is, the issue of *self-help* which has been the imperative in the development of cooperatives.

Uphoff (1986: 306-320) summarizes the successful experiences of the Farmers' Association in Taiwan, the San Martin Jilotepeque Cooperative in Guatemala, the Farmers' Association in Zimbabwe, the Durazno Diary Cooperatives in Uruguay, and the Gujerat Cotton Cooperatives in India. As distinct from the failed cases mentioned above, the successful cooperatives have maintained the external help at a minimum level and always enjoyed autonomy over their operations within the limited framework of states' supporting facilities.

Most of the examples of cooperatives discussed have performed multi-functions, including: saving money to provide credit services, pooling their products for collective marketing; and collective purchasing. Only that of Taiwan and Zimbabwe have distinctively provided skill training and technological advice for their members. As a result, these cooperatives have become most outstanding in their operations, as compared to the rest of examples provided by Uphoff (1986).

One important observation from the experiences of the discussed cases should be brought to attention. That is, the propounding *self-help* principle, the philosophical ground on which all "cooperative actions" are founded, has proved to be the "essence" of cooperatives. It is obvious that the prolonged financial assistance *hurts*, instead of

helping, cooperatives that are supposed to be owned and managed by the people as occurred in Bangladesh.

Summary

In many Third World countries, cooperatives have become the most vital vehicle in achieving rural development goals. The authorities in Third World countries became convinced that a number of development gaps can be filled by the cooperatives' idea and methods of operations. Cooperatives can bring about positive changes in various aspects of rural development.

Most important of all, cooperatives have been shown, over a long period of time, to be a most effective means to economic production. It provides a powerful collective force which is needed in an agricultural economy. Mao, for instance, was a keen believer in the cooperative system in creating economic growth for China (Stettner and Oram, 1987). Similarly, most Third World countries in Asia (Singh, 1970; ICA, 1979) and Africa (Widstrand, 1970 & 1972) embarked upon cooperative programmes primarily to increase both individual and national productivity.

In respect to business, not only do cooperatives offer collective power in producing agricultural goods but they also create the power in purchasing and marketing the products. For small farmers who live their lives in the exploitative social structure of Third World countries, it is the real bargaining power that is most needed.

Secondly, cooperatives can help small farmers gradually increase their own financial capital for agricultural investment. When the farmers have their own financial source at their disposal, the exploitative dependency on private money-lenders will be reduced.

As a result of the farmers' economic improvement through cooperative efforts, their difficult social conditions will improve. This simply refers to their standard of living.

Through collective actions, small farmers as a group are more productive and effective in their continuous endeavour to overcome their endemic problems, such as the case in Korea (Wang, 1986), China and Taiwan (Calkins, 1992).

Moreover, better social cohesion may as well be expected as a consequence of cooperative programme, provided that harmonious cooperation has been regularly maintained. Another social development that can practically be envisaged is social justice. The nature of co-operativism virtually delivers *equity*. As it was once noted, "cooperatives should not strive for *equality* but instead for *equity*. It is not the purpose of a cooperative to make everyone *equal*; rather, it is to serve everybody equitably" (Roy, 1964: 39). Thus most Third World countries that aim at achieving socialism like Cuba, Tanzania, and China have vigorously undertaken cooperative programmes at all level of social life.

The last attractive aspect of the cooperative programme lies in the political sphere - *democratic development*.[8] According to the cooperative principles, all active members will learn and appreciate *democracy* by participating in the cooperatives' activities in which everyone is equal, politically, socially, and even economically. Although democratic decision-making is slow and indecisive, it is advantageous to universal participation which may legitimize policies and make them more acceptable to grass-roots members (Abell & Mahoney, 1988; 42).

The preceding review of literature provides models of development which are extremely important for illuminating the paths of development Thailand has embarked upon over the past three decades. As well, the concept of cooperative has been clarified

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[8] It should be noted that both *socialist* and *democratic* regimes similarly acclaim that they use cooperatives to develop democracy.

to provide useful ideas and issues for this study of one form of cooperative in rural Thailand.

CHAPTER 3

RESEARCH METHODOLOGY

This chapter first presents a discussion on the research orientation before outlining the research procedures taken for this study. Secondly, the methods for data collection and fieldnote writing of the researcher are delineated. Finally, the chapter discusses data validation, data processing and analysis.

This study focuses on the examination of the genesis and development of the Group Production Credit (GPC) in *Ban Boa*, a rural village of *Mukdaharn* province, Thailand. Since the GPC of *Ban Boa* is comparatively more successful than many of its counterparts, based on the CDD's judgment,[1] the primary thrust of this study is twofold: identifying the contributing factors to the development and perceived success of the GPC and determining the consequence of such development for its members and the *Ban Boa* community at large.

Research Orientation

This study adopted a case study approach, that is a detailed examination of one setting or event (Merriam, 1988), as a method to reveal the context through which the *Ban Boa*'s GPC has developed over the past 12 years. The field work was mainly conducted in the community where the GPC is located and this was largely accomplished by the researcher living among the villagers. Through this type of study, a wider perspective of the development of the GPC was achieved because it permitted a greater depth of understanding of social phenomenon (Babbie, 1989; Berg, 1989). Through this approach the data collected is therefore of a qualitative nature.

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[1]It was chosen as the award winner of the Best-Performanced GPC Contest at the regional level, CD Region 3, in 1990.

However, in this study some quantitative procedures were used to attain such numerical data as the numbers of GPC's members over different periods and their involvement in certain activities. But they are descriptively rather than statistically applied since the central research orientation of this study is qualitative.

It should be pointed out nevertheless, that qualitative methodology and quantitative methodology are not mutually exclusive. Differences between the two approaches are located mainly in their basic assumptions: the assumptions of *singular vs multiple reality, subject-object duality vs inter-relatedness, and generalizability vs contextuality* (Guba, 1979; Guba & Lincoln, 1981). While rhetorically different, they are both useful research strategies of inquiries. In fact, the results of the two methodologies can be complementary (Firestone, 1982). In this study, for example, the GPC's numbers of its membership in different years and its qualitative changes (i.e. problems and progress), were complementary in portraying its development process during a given period.

Although quantitative methodology has been the dominant mode of research in modern inquiry, particularly in the social sciences since the mid-twentieth century, it has recently been criticized for not being appropriate for the social and behavioral sciences. Drawing on assumptions from the *scientific* or *rationalistic* paradigm, this method has been criticized for not being able to construct a *grounded theory*[2] that is applicable to the complex realities of the human and social world. Consequently, there is "the general lack of impact on practice of research conducted in this mode (rationalistic or quantitative mode)" (Guba & Lincoln, 1981: 235). Operated under an ideal-like environment in which a number of variables are controlled, it is argued that not only is the inquiry process of quantitative method confined to limited possibilities, but the research findings

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[2]See Strauss & Corbin (1990), pp. 23-28.

can also fail to adequately explain the realities of the phenomenon being investigated (Ibid.; Strauss & Corbin, 1990).

Moreover, in technical terms, quantitative research methods lack the capability to measure several aspects of social/behavioral phenomenon, such as meanings, concepts, sounds, smells, and characteristics of things, for most of them are unquantifiable in nature (Berg, 1989; Strauss & Corbin, 1990). By contrast, qualitative research can be defined as "any kind of research that produces findings not arrived at by means of statistical procedures or other means of quantification" (Strauss & Corbin, 1990: 17). Quantitative research aims at: *theory testing, showing relationships between variables, and predicting* whereas qualitative research is geared towards *describing multiple realities, constructing grounded theories, and developing understanding* (Bogdan & Biklen, 1992: 51).

As such, the *naturalistic paradigm* has been proposed as the better ground for social and behavioral research (Guba, 1979; Guba & Lincoln, 1981) because it allows researchers to become realistic in their practices as well as gives importance to the notion of *quality* which is essential to the nature of things (Dabbs, 1982). Under this paradigm, qualitative methodology offers research methods and procedures that can capture qualitative features and it yields a greater depth of understanding of social phenomenon (Berg, 1989). Most importantly, it offers the advantage of probing social life in its *natural environment*.

In this case-study research, there was no specific format which must be followed. Although the research agenda was laid out earlier, the real research design actually emerged from the questions being addressed while I was collecting data in the field work. The research questions developed before entering the field were used only as guidelines for my research inquiry. They allowed flexibility in shifting the focus if emerging data suggested other questions as more relevant to the problem being addressed (Miles & Huberman, 1984). "Questions play an important role not only in

getting answers to research problems but also in setting the tone or climate for interaction (Stewart & Shamdasani, 1990: 74). For example, my simple research question on "Are you a member? why? and why not?" had actually extended to many more issues of the members' trust and distrust of the committee members and the non-members' exploitation of the GPC's available resources and services.

However, such a case-study as this one calls for the mixture of a wide array of research techniques so that data can be drawn, as much as possible, from all aspects of the case in question. Several methods were largely combined to collect data on the same phenomenon, and this is generally referred as *triangulation*. For instance, I attempted to use a) short open-ended questionnaires for CD officials who used to be involved with the GPC but now lived in other areas, b) in-depth interviews with some key members, and c) informal interviews with people (both members and non-members) in general to understand the genesis and development of the GPC, as well as the domestic culture in the community where my field work was conducted. By and large, triangulation was done largely by using various sources of data to understand a singular phenomenon.

Mathison (1988) suggests that triangulation as a strategy for collecting data provides evidence for the *researcher* to make sense of some social phenomenon, but that the triangulation *strategy* does not, in and of itself, do this. Generally, it is expected to help increase the validity of collected data. Three outcomes might result from a triangulation strategy, namely; *convergence, inconsistency, and contradiction* (Ibid). Hence, it does not mean that the application of *triangulation* will always result in a single proposition about some social phenomenon. As Mathison concludes, "More realistically, we end up with data that occasionally converge, but frequently are inconsistent and even contradictory" (p.15). Hence, one should use *triangulation* ...to study and understand when and why there are differences...(Patton, 1980: 331).

The Study Design

This study purposively chose to investigate the Group of Production Credits (GPC) of *Ban Boa*, a village in *Mukdaharn* province in the northeast region of Thailand for a number of reasons. In early 1992, I asked one of my colleagues in CDD to send me the information of three GPCs, the Award Winners of the Best-Performanced GPC Contest at the regional level in 1991, with their brief histories and baseline data (e.g. membership, activities, and savings). Two of them were in the northeastern region, and the other one was from the northern part of Thailand. The GPCs in the central plain and the southern region were not chosen due to the fact that most rural people in those areas could not generally represent the majority of Thai farmers living in rural areas.

During my preliminary study in Thailand in February, 1992, I made initial visits to the two GPCs on my list. I also had the opportunity to talk with both concerned CD officials and some of the GPCs' leaders. The GPC of *Ban Boa* was finally chosen for my study due to the following reasons.

First, unlike rural Thai people in general, the people of the other two villages seem to have been more exposed to the urban culture due to their very close location to the cities, about 3-5 kilometres away. There were regular bus services for people to commute to and from cities almost every hour. Moreover, many villagers in those two villages worked in the cities during the day. In contrast, typical of rural villages in Thailand, *Ban Boa* is a poor village, located about 26 kilometers away from the nearest city. The majority of villagers were poor paddy-rice farmers, working on farm areas that were poorly irrigated, and their cultivation depended substantially on rain.

Second, both villages were quite large and people's houses were scattered throughout the village. Especially in one village, the houses were scattered along the asphalt road which ran through the village for about 2 kilometres. By contrast, the houses in *Ban Boa* were very clustered, and this was helpful to me, enabling me to

develop a relationship with villagers and to collect the needed data within my time limit of about three and a half months.

Third, those two GPCs had been in operation for only about 6-7 years, whereas GPC in *Ban Boa* is about 11 years old. In comparison, it implies that the latter' development has already been attested by its longer experience and, importantly, has sustained until the present time. As such, I was convinced that the *Ban Boa*'s GPC was the most suitable of the three GPCs to study in order to understand its developmental process and being at the same time a representative of small-scale cooperatives in rural Thailand.

Research Procedures

Gaining Entry and Establishing Rapport

According to Bogdan and Biklen (1992), gaining access to the people in their own setting is considered significant for the success of the study, particularly during the fieldwork. In this study I found I needed to gain entry and establish rapport with the CD officials and with the villagers in *Ban Boa*.

Since I had previously worked as a CD Trainer in the Training Division of CDD from 1984 to 1988, I had an opportunity to know most Provincial CD Officers in Thailand, including the one in the *Mukdaharn*'s Provincial CD Office. In addition, I had known two other CD officials in that office. As such, when I phoned them about my decision to conduct the study of the GPC in *Ban Boa*, they quickly offered to help with any necessary arrangements needed for my fieldwork.

I pointed out to them that I needed accommodation in the community for approximately three and a half months, between May 15 and August 31, 1993. I particularly requested a private living space. I explained to them that I would like to avoid any kind of misunderstanding, which would affect the data collection process. My

choice of separate accommodation is to display that I have no affiliation with anyone in the community. It was my attempt to be a neutral researcher as much as possible so as to gain trust from people of different groups.

However, I also informed them that, if a private space could not be arranged, I would like to be living with the most acceptable and respectable, but not influential and powerful individual in the community. An ordinary villager would be the best choice. I explained to them that, due to my limited time to collect data, I would like to utilize the credibility of the person with whom I would be living to quickly establish rapport with villagers in *Ban Boa*. In this regard, I stressed particularly that, living with an influential person in the community would tend to result in great distortion of the data to be collected.

Because of the domestic chores and child care my wife (who is also doing her Ph.D. at the University of Alberta) had to undertake, I decided to take my seven-year old son to live with me in *Ban Boa* during the period of my data collection. Prior to the decision, I had carefully and consciously thought, and also sought the ideas and opinions of some Thai students about pros and cons of my son's accompanying me in a Thai rural community. We all strongly believed that the consequence would be positive rather than negative. That is, having a child with me in a village would help to reduce the suspicion of villagers of a stranger (me). His building of friendship with other children in the community would further help bridge the gaps between the parents of those children and me. As for his own development, he would have an opportunity to attend the community school since the school year in Thailand starts by the middle of May.

After arriving in *Mukdaharn* on Monday, May 17, 1993, I was introduced by the Provincial CD Officer to the governor who subsequently granted me permission to conduct the study under his jurisdiction. Later, I had two meetings with the CD officials at the Provincial Office. At the first meeting I discussed my research plan with CD officials who had experiences with the *Ban Boa*'s GPC and people. I explained to them

my procedures of data collection and asked them to help modify and clarify my interview guides, so that they became more relevant, acceptable, and understandable to ask the potential informants - the villagers and government officials in *Ban Boa*. Finally, I asked them to provide me with some knowledge about the culture and traditions of the people in *Ban Boa*.

At the second meeting I met with the CDW who was a resident[3] of *Ban Boa* and actually made arrangements for my accommodation in *Ban Boa*. I found out that I would be living with the family of an old man, informal leader, named *Pol*, who had been very active in the GPC's development. According to the RCDW, Mr. *Pol* was willing to have me and my son with his family during my fieldwork. The rent and the cost of meals were left to my decision. Actually, I was told that Mr. *Pol* did not expect any money for our boarding and lodging. Similar to the first meeting, I also asked the RCDW for some information about the people and their culture. Finally, he assured me that, the people in *Ban Boa* had positive attitudes towards government officials, particularly those from CDD and that I should not expect any difficulties in collecting data.

I spent the rest of that evening preparing for my entry into *Ban Boa*. I bought things like a mosquito net, an umbrella, a study lamp for my personal use. I also consulted with my colleague about some concerns (i.e. the reasonable expense for my living space and meals, local taboos or cautions in dealing with people in *Ban Boa*). He was a CD official who worked as a CD supervisor at the Provincial office and knew about *Ban Boa* and its people relatively well, but had never been involved with the GPC. Importantly, I discussed with my colleague the transcription of the recorded interviews I would have in the following weeks and we decided to hire someone to transcribe tapes because it was very time consuming. To ensure confidentiality and anonymity of the informants in this research, I specifically informed my colleague that the person hired to

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[3]This particular CD worker will be referred to herein as a Resident CD Worker (RCDW).

transcribe my recorded tapes must not know anyone in *Ban Boa*. As expected, my concern was well understood.

We arrived in *Ban Boa* in the afternoon Tuesday, May 18, with my colleague's pick-up truck. We were warmly welcomed by the family members of Mr. *Pol*, who was out of the village at that time when we were introduced to them by the CD supervisor. After a while, Mr. *Pol*'s wife showed us where we would be sleeping, to which we then moved our personal belongings

I was introduced to a few key leaders in the *Ban Boa* community by the RCDW in the first evening I arrived there. A few hours before dark, he was introducing me to the Village Headmen (VH)[4] of *Moo* 3 and *Moo* 6, the two official villages[5] in *Ban Boa* and the President of the GPC. However, we met only the VH of *Moo* 6, Mr. *Tim*, at home while the other two went out on their personal business. However, the RCDW left the message with their wives about my arrival which they knew in advance. We talked with Mr. *Tim* for about half an hour, telling him about my data collecting plan during the coming three and a half months.

I had opportunity to meet some local teachers, the VH of *Moo* 3, Mr. *Mee*, and the present President of the GPC, Mr. *Won*, on the following day. When I went to discuss with the school's principal in the morning about my son's attending the school, I met and introduced myself as a researcher to four teachers, one female and three males and informed them about my fieldwork's objectives. I again was assured by the teachers that, generally, the people in *Ban Boa* would cooperate with me when I approached to

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[4]*Ban Boa* is composed of two villages, officially called *Moo Bans*.

[5]The word '*Moo Ban*' is an administrative title of a rural village used officially in local government administration. Literally, *Moo* means a group or cluster of things, e.g. people, soldiers, or trees, and *Ban* simply means a house, household, or sometimes, contextually, home. Nevertheless, *Ban* is regularly used with the name of a given village, indicating the whole community such as *Ban Boa*, *Ban Koa* and *Ban Brick* in this study.

ask them questions. Before I left the school, I also had their consent to interview them if I chose to do so.

In the late morning I met Mr. Mee, the VH of *Moo* 3, as he was about to buy his cigarette at the DS across from the house where I lived. During my introduction to him, he asked me in more details about the objectives and procedures of my data collection in *Ban Boa*. He explained that the information was for the next morning's public broadcasting through the community public speakers for which he was responsible. He intended to introduce my son and me to the community. After giving him the details about my fieldwork's objectives and procedures, I requested that I be known initially to the villagers as a CD official from CDD (which was true), instead of a student from a Canadian university, coming to study their GPC, though I was aware that the truth would be unfolded eventually through the contacts between them and us - my son and me. That was because I realized that the villagers had positive attitude towards CD officials.

Mr. Won came to meet me in the afternoon after coming back from his business. I informed him in detail of what I was going to do and also consulted with him about my data collecting plan. Similar to the other leaders I met earlier, Mr. Won kindly offered to assist me in any possible ways he could. In that connection, I asked him about the possibility of having three "focus group" interviews with the GPC's administrative members, the representatives of the GPC's members from *Ban Koa* and that from *Ban Brick*, respectively. In response, he encouraged me to conduct "focus group" interviews as soon as possible since most of the villagers were farmers and they might have no free time for me when the rain came. Moreover, he offered to summon a meeting of some administrative committee members in the next three days for my first "focus group" interview. In that regard, I gladly accepted his offer and proposed to invite two members from each subcommittees for interview as a group. This interview was scheduled in the

next two days at the DS's office at 7:30 p.m. As for the representatives from the other two villages, a convenient time had to be worked out.

In order to establish trust and good relationship with the villagers in general, I began to make friends, firstly, with the villagers who came to buy goods at the DS across from the house where I stayed. Then, I attempted to expand my contacts with the villagers further by walking around the community, as well as attending public gatherings, as frequently as possible. When seeing a small group of people gathering, I would generally ask their permission to join their conversation, and they usually welcomed me. To my surprise, I found that the villagers were also interested in knowing about me as much as I was interested in knowing about them and their GPC.

Everyday, besides walking alone in the mornings and afternoons, I also walked with my son in the evenings. As I expected, most villagers, especially older ones, were inclined to converse initially with my son. As a result, I had a chance to befriend them. It took me about two weeks to get around the community and to feel that I had gradually gained acceptance from the villagers when receiving frequent invitations to join their meals, either at snack, lunch, or supper times.

In my conversation with the villagers, I always used the central Thai dialect, while most of them used their *Bhu Thai* dialect. I found out from them that they had no difficulty in understanding the central dialect and that they do not mind me speaking my dialect while they spoke theirs. By and large, people of *Ban Boa*, especially the elderly, felt more comfortable to speak in their dialect to outsiders. I did not have much difficulties in understanding their dialect since it was not much different from the northeastern one with which I was well familiar.

Nonetheless, there were a number of words commonly used in their dialect that I did not understand. When that happened, I did not hesitate to ask them for clarifications or explanations and I then quickly wrote down the meanings. Generally, the people

seemed willing to explain their dialect to me with a sense of pride, because it was quite a unique language in northeastern part of Thailand. Learning many words in their dialect that way, I was confident that I understood their messages correctly when talking with or interviewing them.

I also utilized the public gatherings at the two Buddhist monasteries in *Ban Boa* to befriend with and be known to the villagers. Mr. *Pol* was the first one who took me and my son to the monastery right in the community on one Buddhist Sabbath day where we were introduced to many people, mostly the elderly ones, who were attending. Similarly, I also went regularly with one of the government official, whom I had befriended since the first week I entered the community, to the other monastery a little outside the community to help on some construction works. Like the first monastery, I had an opportunity to know many people, as well as be known by them. Later at this monastery, I went more often to offer food to monks in the morning, not only because I myself am a strong Buddhist but it offered me an opportunity to be further trusted by many villagers who came to do the same. Indeed, they considered me as a person who shared the same faith and belief with them. As a result, I began to have more trusted friends from attending religious ceremonies and other activities - the friends who eventually shared with me many untold stories about the history of the community.

Data Collection

In this study, I was the principal agent in collecting data. Consistent with the principle of qualitative research, methodological preparation for the study avoided the development of research instruments which did not allow for subjects or participants to reflect on the issues and questions in an open-ended way. While a number of data collection instruments, i.e., interview schedules, were semi-structured prior to the fieldwork, they modified and enhanced the relevance and validity of those methods.

The research data in this study were collected mainly through the use of three major techniques: participant observation, unstructured interviews, and documentary analysis. The field notes were taken at all possible times since I entered the community. In the evenings I had to finish and review the notes of the day. Almost every night I made notes of what issues I should be pursuing the following days and who would be an appropriate source for the needed data. I also typed some notes in my computer.

At appropriate times and when allowed, pictures were also taken and tape recording done. Keeping in mind the rules of confidentiality and anonymity, I made it clear to all key informants that the data collected in the study were always available to them at their disposal if they needed to review them.

Participant Observation

As a major ethnographic method, participant observation in the field makes it possible to observe subtle communications and other events that might not be anticipated or measured otherwise (Babbie, 1989: 264; Spradley, 1980). During the fieldwork, my main strategic plan was "to be on the watch" for any social phenomena that might occur. Observations always took place at the site of various activities of the GPC, i.e. a monthly service day on the fourth of each month, a regular meeting of committee members, and a demonstration store's business. In addition, observations were also made in other unplanned social situations occurring in the community e.g. religious ceremonies in Buddhist monasteries and a funeral ceremony. The focus of observation was on the role of villagers, as well as different groups of people, in their participation of the GPC's activities, especially with respect to the principles and the values of cooperative; the relationship between/among people themselves, the local leaders, and local government officials.

In doing participant observation, I, at my best, had maintained a balanced role as both an insider and an outsider (Spradley, 1980). That is, I participated in some activities

at a moderate level so that I was not regarded by the people as an absolute outsider. At the same time, I avoided overloading myself with participatory activities that would prevent me from flexible observation and mobility. For example, I did not hesitate to help, by either labouring or giving opinions, on public works such as building or maintaining roads in one of the monasteries, while keeping at a distance from all works of the GPC. In other words, I had tried to ensure that my objectivity would not be lost in the process of participation.

I found that it was more practical and appropriate for me to write my field notes of observations soon after observing situations, but not at the observation site. Since Mr. *Pol*'s house where I stayed was right in the center of the community, I always came back home to write the notes, concisely at first and then later on in detail (Spradley, 1980). When asked by some villagers what I was doing up on the second floor of the house during the daytime, I replied that I had to write down many things I learned from my fieldwork before I forgot it. I also took notes of my subjective interpretation of and reflection on the events regarding the feelings, problems, ideas, impression, and prejudices during my active involvement. These different kinds of notes were used to compare my feelings, ideas, understanding and interpretation in relation to what the subjects talked about.

Unstructured Interviews

I used in-depth interviews with all key informants. Each interview took approximately thirty to forty-five minutes, on average. These key informants were from both outside and inside the community, including 18 persons: 3 CD officials, 1 public health officer, 4 local teachers-members, 2 informal leaders of the community, 5 formal leaders of the GPC, and 3 non-members. Before the interviews took place, I tried to find out who were the local leaders, committee members, members and non-members of the GPC, government officials other than a RCDW and local teachers. The interviews were

fundamentally unstructured and loosely guided by an interview schedules. However, the interview schedules were always modified, when data collected suggested the need, to give proper direction to the study. More in depth information was also achieved through "probing" depending on the situation while interviewing each informant or even in a group format. I always asked permission from every informant for recording the interview verbatim. Fortunately, all key informants in all interviews had cooperated overwhelmingly in giving information and permissions to audio-tape record their views and opinions.

Besides unstructured or informal interviews with single individuals, groups of individuals were interviewed by using the "**focus group**" strategy on 3 occasions. The first focus group interview was done in the first week I was in the community, with the help of the GPC's President. The informants included two representatives of each subcommittees of the GPC. It was conducted in the early stage of the research in order for me to learn about the informants' perceptions of the GPC and, consequently and most importantly, to be able to make some necessary adjustments in the research questions, and the selection of research techniques (Stewart and Shamdasani, 1990:15-16). The second and the third focus group interviews were done later in July. Those included mostly representatives of the GPC's members from *Ban Brick* and *Ban Koa*. The interviews intended to verify various aspects of the collected data, as well as to find out more about the incentives for these late-members to get involved in the GPC.

Group interviews appear to be a promising source of useful data. Krueger (1988) claims that group interviews will promote self-disclosure. Actually, according to Stewart and Shamdasani (1990), in the group situation there can be a "snowball effect" where one idea creates others. In particular, they say:

> ...Focus groups are useful for particular purposes and specific situations - for exploring the way particular groups of individuals think and talk about a phenomenon, for generating ideas, and for generating diagnostic information.

> ...Focus groups are designed to help understand how individuals conceptualize and categorize phenomena...(p. 140-1)

In an ongoing manner, I always reviewed all data collected as soon as possible, so that the interview guides would be modified in order to cover key issues emerging from previous interviews and the issues that were essentially related to the research questions. For the informal interviews made during the day, I usually wrote my brief notes, in Thai language, in notebook after the interviews and then typed in more details, in English, onto the notebook computer that I brought along at night, using the WordPerfect program. I also made some notes on the left margin of my fieldnotes about my feelings, opinions, and other kinds of reflections on the data collected to be compared when I began my exclusive data analysis in Canada. Similarly, some issues which needed to be followed up in the following days were made on the notebook by the fieldnotes of related issues.

Regarding the data from the focus groups' interviews, I only listened to the recorded tapes and made notes and comments on the issues that needed to be pursued further. Due to the time constraint, I decided to transcribe these tapes later when I returned to Canada. For the individual interviews with key informants, after finishing each interview I sent them as soon as possible to my colleague at the Provincial CD Office, who had arranged the tape transcription for me. As I requested, the hired transcriber had no knowledge of *Ban Boa* and anyone in the community. Moreover, I also requested specifically that all tapes be transcribed verbatim, so that the transcriptions could be presented back to the respective interviewees for verification or corrections. Since there was no computer or typing services available to type the transcriptions, all were done by hand writings.

Document Analysis

For a general description of the study, I sought many written and documented materials relevant to the community and the GPC from various sources. These included such materials as the Village Baseline Data (*Kor Chor Chor Song Kor*) of *Ban Boa for* 1992, that I acquired while I was in Bangkok from the Information Center for Rural Development, Ministry of Interior, the written reports of the GPC's progress published by both the GPC's executive committee and the District and Provincial CD Offices, and the GPC's statue, minutes, book of membership, loan and investment records. Other printed and published materials of CDD (i.e. CD: Principles and Practice, CDD Monthly Journals with articles on Saving for Production Credit Promotion Program (SPCP), CDD's booklets introducing GPC and its activities, and Manual for Development of Revolving Funds which were related to SPCP) were also acquired to be used for analysis and thesis writing.

Data Validating

In this study, cross-checking of the collected data were done through triangulation (Goetz & LeCompte, 1984; Mathison, 1988; Berg, 1989; Patton, 1990) to increase validity and reliability. In fact, triangulation of methods also prevents the investigator from accepting too readily the validity of initial impressions. In that regard, I tried to validate collected data through triangulation of sources of data. During collecting data in the fieldwork, a number of my findings and conclusions were occasionally validated by the use of different data sources.

To validate the data on the initial development of the GPC, I specially made an attempt to interview one old man who was one of the pioneer members but now withdrew from the GPC and immersed into serious practice of Buddhism in the monastery on the skirt of the *Ban Boa* community. I was hoping to verify many aspects of the data collected prior to this interview because, as a strong Buddhist practitioner, he

would not voice any untrue statements. Furthermore, a range of perspectives expressed by different informants, especially members *versus* non-members of the GPC, on similar issues were utilized extensively for triangulation of sources of data. In this connection, the trust and rapport developed earlier between villagers and me had allowed for higher reliability of data, as well as of other findings, such as the issues of power structure and of conflict of interests.

By and large, in this study, the outcomes of the triangulation were generally in the form of convergence. That is, most informants had similar opinions and perspectives on such aspects as the factors contributing to the GPC's growth and the impacts of the GPC on individual members. Only on a few issues (e.g. reasons for the local teachers' withdrawing their involvement from the GPC) that the triangulation of different sources of data resulted in contradiction of data.

Data Processing & Analysis

Data analysis is a "process which entails an effort to formally identify themes and to construct hypotheses (ideas) as they are suggested by data and an attempt to demonstrate support for those themes and hypotheses" (Bogdan and Taylor, 1975: 79). In quantitative studies, analysis of data is done after all the data have been collected but in qualitative approach, analysis is an ongoing process. Without it, the data collection has no direction (Bogdan and Biklen, 1992:154). Typically the researcher can attempt to make sense out of the ongoing situations that cannot be predicted in advance. He/she also made initial observations, developing tentative general conclusions that suggested particular types of further observations, making those observations and thereby revising conclusions (Babbie, 1989; Patton, 1990; Bogdan and Biklen, 1992).

In this study, the data analysis was an ongoing process, being done both during and after the data collection in the fieldwork. In the fieldwork, the fieldnotes from observations and the GPC's documents were done qualitatively while collecting the data.

The analysis provided me with the knowledge of the case's context and generated my ideas to be more focused in subsequent observations and interviews. The analysis of the interview materials was as well an ongoing process. It began with the transcription of the first thirty-minute audio-tape recorded of the first focus group which was done prior to any subsequent interviews. The analysis of the data collected was mostly written down on the notebook for it was more convenient to be reviewed.

After the fieldwork, according to Field & Morse (1985), coding, categorization and conceptualization begins with the initial interview and it is necessary to develop a mechanism for "filing" data in a retrievable form for future reference. Since not all data were typed into the computer during the fieldwork, I spent about two months after arriving in Canada on transcribing and typing data into WordPerfect files. Each interview was transcribed, typed, saved and labeled in a separate file. Then, the data was ready to be analyzed.

When doing data analysis, I applied the steps suggested by Patton (1990) and Bogdan and Biklen (1992). My data analysis began with a re-reading of all the collected data that were already typed into WordPerfect files. I decided to use the Word Perfect program to sort out data into different categories. First, I printed out all data to be used as a work plan. On the printed document, secondly, I divided the document into separate paragraphs of different issues derived from research questions. Thirdly, categorical coding was then assigned to the top of each paragraph according to topics which were related to specific research questions. Closely related topics were grouped under a broader category by assigning to them the same numerical numbers. Nonetheless, if a particular content could be classified under more than one category, I decided to copy the contents and grouping them in each category.

After the work plan on paper was completed, I went back to assign coding numbers to the data in all files according to the work plan before saving them in separate files. I later retrieved and combined all the files into one file and performed the sorting

function to move all data with the same assigned code numbers together in the same area. Through that method, I was able to construct a meaningful relationship among the parts and phenomena; I then saved the combined file. In this more systematic format, I was able to find the data for a specific topic within a shorter time.

While doing data analysis, I was aware of my own subjectivity and possible bias. In that connection, I tried to avoid premature conclusions until all possible interpretations had been made. The critical paradigm of development, as discussed in Chapter 2, was used as theoretical framework for the analysis and interpretation of the data.

Summary

In this chapter I discussed the research orientation of this study and described research methods, design of the study, and how I collected data to answer my research questions. My entry to the community, establishment of rapport with the people, my field residence, and fieldnotes writing were described. I also clarified the main methods employed for data collection namely, participant observation, unstructured interview, and documentary analysis. I finally discussed methods of data validation, data processing and analysis.

CHAPTER 4

BAN BOA : ECONOMIC, SOCIAL AND CULTURAL CONTEXTS

This chapter outlines the background of the community in relation to its demographic, economic, social, and cultural constituents. It begins by providing a geographical description of the community and its people. This is followed by a discussion of two main areas, namely economic and socio-cultural. This is done primarily in order to portray the community's structures in which the GPC was initiated and developed. These structures of the community are useful in the analysis of the performance of the GPC which is presented in the next two chapters.

Location

This study is undertaken in *Ban Boa*, a small village in *Mukdaharn* province in Northeastern Thailand (Map 1). The community is about 20 kilometres from the local district office and 72 kilometres from the City of *Mukdaharn*, which is about 642 kilometres from Bangkok. Being on the periphery of the provincial boundary, *Ban Boa* is accessible to two other district cities in the nearby *Roiet* and *Yasothon* provinces.

Because of *Ban Boa*'s location on the Southwestern portion of *Mukdaharn* boundary, it acts as the junction between three provinces namely: *Mukdaharn*, *Roiet*, and *Yasothon* (see Map 1). *Ban Boa* covers an area of about 5,369 *rai*,[1] which is approximately 8.6 square kilometres. Houses are very condensed in the community and are built on higher land which is encircled by the lower lying paddy fields (see Map 2). To the southeast of the community is a small canal and to the northwest, a big natural pond called *Nhong Boa*, after which the community is named.

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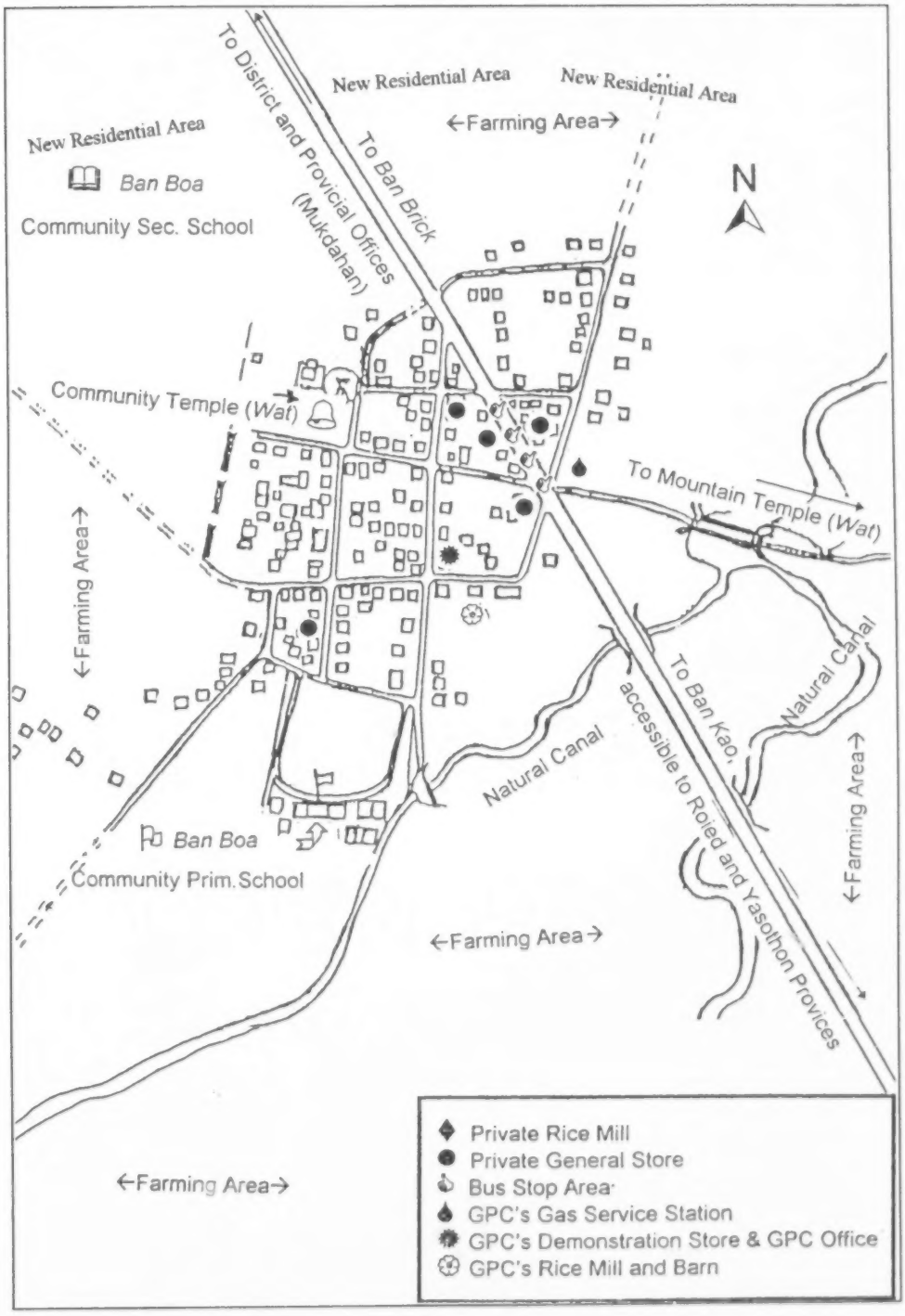
[1] One ***rai*** is equal to 1,600 m^2

Map 1 Map of Thailand Showing *Mukdaharn* Province

Map 2 Map of *Ban Boa*



Ban Boa has convenient roadways to other nearby provinces. There are gravel roads connecting the nearest cities to the adjacent provinces, each of which is about 25 kilometres away from *Ban Boa*. The driving time to reach each city is approximately 30 minutes, but there is no direct bus service between these cities and *Ban Boa*. Nonetheless, the residents of *Ban Boa* most of the time use their motorcycles, which is the most popular means of transportation in rural areas. Only a few travel by their own cars or pick-up trucks.

Roads within *Ban Boa* are designed to connect every corner of the community in a very convenient manner. There is only one main road running through the northeast part of the community and this connects *Ban Boa* to the nearby cities (see Map 2). About two hundred metres of this main road runs past the middle of the community and is surfaced with small rectangular cement bricks of three by five inches.

Demography

Like most villages in the province of *Mukdaharn*, the people in *Ban Boa* are "*Bhu Thai*" people in origin. They are different from people in other northeast provinces of Thailand in a few respects, such as their dialect, culture, and social and family system. Because *Mukdaharn* is on the boundary of Thailand next to Laos, *Bhu Thai* culture is very similar to that of Laotian people who live in the region across Mekong river in Lao. According to the District Elementary Educational Supervisor who is *Bhu Thai* and a resident in *Ban Boa*, many *Bhu Thai* families in *Ban Boa* have traced their ancestors in Laos.

Historically, ancestors of the people in *Ban Boa* were from different surrounding areas. According to the records of the village, only seven families of one clan[2] originally

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[2] People who are sharing the same "last name." "Clan" and "last name" will be used herein interchangeable.

migrated from *Nam Pong*, an adjacent district in *Roiet* province and southwest to *Ban Boa*, before 1902 in search for better land. They built their houses around a natural pond called *Nhong Boa*,[3] so that they could use natural water for both consumption and farming.

Four months after that, a few families of the second clan migrated from *Nam Souy*, a neighboring district in *Mukdaharn* and northeast to this community, to join the pioneers. Only two months later, the people in *Ban Boa* were joined by many families of the third clan, who migrated from *Nam Pong*. It was recorded that this community was officially established as *Moo Ban*[4] in 1902. The fourth clan moved to *Ban Boa* in 1917. They were from the area within the same district as *Ban Boa*, about 26 kilometres to the west. According to the past *Kamnan*, who is about 72 years old, many families who wanted to have more land moved farther north and a few more clans moved to join the community in *Ban Boa* during the 1920s and 1950s.

According to official records, the population of *Ban Boa* is approximately 952 in 183 households (NRDC, 1992: 10). For brevity, the figures in Table I are broken down into two categories namely dependents and working force. The table shows that the male did not outnumber the female very much (i.e. the male population is 501 while the female is 451). People in the work force, 18-50 years of age, seem to account for the majority of the population at *Ban Boa* while the dependents do not show much variation. The average family size in *Ban Boa* is five. Although the use of contraception was promoted, the residents seemed not to use the device. Like most agricultural societies, they like to have many children to help work on the farm. Nonetheless, from my observation, only some old families have more than ten children born from one mother, suggesting family size is decreasing.

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[3] In this context, *Nhong* is a Thai word for a pond or swamp and *Boa* lotus plant.

[4] *Moo* mean s a group or cluster of things, e.g. people, soldiers, or trees. *Ban* simply means a house, household, or sometimes, contextually, home.

Table 1: Population of *Ban Boa*[*] in Two Different Categories

	Women	Men	Total	Percentage
Dependent	193	215	408	42.86
0 - 18	167	171	338	35.50
60 +	26	44	70	7.36
Working Force	258	286	544	57.14
18 - 60	258	286	544	57.14
TOTAL	**451**	**501**	**952**	**100.00**

Notes: Compiled from data of the two villages in *Gor Chor Chor Song Kor* (1992:11)
*Includes two villages

Although the population seems to be small from the figures given in the table, many of the younger members of *Ban Boa* migrated to Bangkok and other big cities to seek employment, especially those between the age range of 18-25. This was evident from the fact that when I asked where the grown up children were, majority of the informants indicated that their children went to work in Bangkok after leaving schools. This was understandable since there are no job opportunities available in the community or nearby cities. With their low level of education they end up working as waged labour in factories or service sectors (restaurant and hotels). It is reported that 133 persons, 70 females and 63 males, aged between 18 - 25 from 89 households went to work in Bangkok. Most of them went to work in industrial factories and stayed for at least three months before returning home (NRDC, 1992: 55).

From my interviews, I found out that many of those migrants who decided to stay longer in Bangkok married, mostly to their co-workers, and have children. Since both husbands and wives have to work, majority of the new couples cannot provide adequate parental care for their young children. They therefore send them to their parents in *Ban Boa* for care and protection. Occasionally they visit their children in *Ban*

Boa, bringing money for food and other commodities for both their parents and children. A few people returned home after working for some time in the big cities to settle down in *Ban Boa*. To them, there are more opportunities to have their own houses and land in *Ban Boa* than in the cities.

Economic Dimensions

Occupations

About 163 households[5] in *Ban Boa* engage in farming as their major occupation. Similar to most people in rural areas of Thailand, the people of *Ban Boa* grow rice as their main agricultural crop every year, selling the surplus after saving for their family consumption. They grow rice only once a year because their farming depends mainly on rain water which is available during the one rainy season of the year. This seriously affects their level of annual production. Further, poor soil and inadequate fertilizer used in paddy fields have also resulted in their low production and quality of rice.

Since there is no irrigation system in *Ban Boa*, the farming cycle begins in May when the rainy season is on. It starts with the preparation of paddy seedlings in a small nursery before transferring them to the fields. The cultivation process finishes in July by most farmers. According to one of the local leaders, in the past *Ban Boa*'s farmers used to cultivate rice by themselves - involving all family members. However, now they need to hire others or their neighbours to help in the fields because they need to finish early enough to allow the young plants to take roots and become stronger while sufficient water is still in the field. Moreover, they certainly need to have more time for other productive activities. In fact this farming pattern of Thai farmers is common throughout

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[5] The figure represents those households with nobody working for government and therefore having salary as the major source of their family incomes.

the country because the typical subsistence economy has been gradually replaced with the powerful market economy during the past three decades (Smuckarn, 1991).

Although the labor exchange can still be found occasionally (e.g. in farming and house construction) in remote rural areas of the Northern and Northeastern regions of Thailand, this is no longer practised among villagers in *Ban Boa,* except among the in-laws. This again can be explained by the replacement of the subsistence economy with the market or money one. Everyone needs more time to undertake other productive and profitable works. Moreover, most of hired labour workers are from outside the community due to the shortage of labour in *Ban Boa*. This situation has made poor farmer in desperate need for financial assistance (loan).

As regards their financial source for their agricultural production (e.g. expense for cultivating and harvesting, labourers, and fertilizer), people in *Ban Boa* have limited access to financial resources made available by government and private financial institutions. Although there is financial credit presently available from such institutions as Bank for Agriculture and Agricultural Cooperatives (BAAC), Agricultural Cooperatives (AC), commercial banks, and Group of Production Credit (GPC), most of them are far away and have complicated procedures for small farmers in *Ban Boa* to utilize. Only the GPC in the community is currently able to make available some limited credits for the farmers of *Ban Boa*. Presently, there is a high demand for financial credit to hire labour and purchase fertilizer for farming. Farmers need to buy fertilizers to enhance their rice fields so that they can produce more rice of better quality and command a higher price for their rice in the market.

In general, people in *Ban Boa* grow a variety of vegetables for their family consumption and at the same time grow some other crops to supplement their family incomes. In terms of family consumption, people have a backyard vegetable patch for planting common vegetables such as cucumbers, tomato, eggplant, spices, etc. In order to supplement their incomes, they grow some cassava, jute, and sugar cane.

Many households in *Ban Boa* also rear animals in order to supplement their family incomes. According to Table 2, more than half of the households (58.46%) in *Ban Boa* raise cattle for the market, earning up to 5,000 baht per year on average for each household. Up to 8 households (4.37%) raise pigs for sale, each earning 2,625 baht yearly on average. In regard to chicken and fish production, only one rich household in *Ban Boa* has ventured into this area. I found this quite an amazing innovation because the owner skillfully integrated production of both by building the chicken coop over the fish pond so that the droppings of the chicken serve as supplementary food for the fish. Although this method may appear to be a health hazard, at the time of this research the producer reported no such problem, not for the fish, chicken or human consumption. The producer's earning from this integrated husbandry is about 50,000 baht per year, which is much higher than the average family earning per year from other forms of husbandry in *Ban Boa*.

Table 2: Animals Raised For Market in *Ban Boa*

Raised Animals	Number of Households	% of Total Household	Aver. Family Earning/Year
Cows	107	58.46	5,000.00
Pigs	8	4.37	2,625.00
Chickens	1	0.54	20,000.00
Fish	1	0.54	30,000.00

Note: *Compiled from data of the two villages in Gor Chor Chor Song Kor, 1992*

In addition to farming activities, households in *Ban Boa* engage in other forms of economic activities which complement the dominant one (NRDC, 1992). For example, the head of one household is a barber and provides hair services early in the mornings

and late in the evenings while during most of the day he attends to his cattle (native cows). Three households raise cattle belonging to some rich merchants in a nearby city, with the agreement that the cattle's owners and these care takers would alternately own the cattle's offspring. Another man, an experienced carpenter, has been hired regularly to build or modify houses. His expertise has been utilized mostly during the summer when the weather is dry and most people's schedules are free of farming.

Furthermore, there appears to be about ten households taking up other business-like activities. For example, one Village Head (VH), as well as a local doctor of traditional medicine, work as a "Singer" sewing machine salesman out of their regular working time, while one teacher whose wife sells fast-food at lunch time at the junior high school is selling Amway products. One of the VH Assistants (VHAs) travels around the *Tambon* delivering his *Kha Nhom Jeen* (Thai Noodles) to his customers whereas one teacher couple raise poultry, hogs, and fish for commercial purpose. The wives of the two owners of the minibuses sell some necessities for local needs at home, such as groceries, rope, fishing nets, shovel, cloth mending kits, while their husbands drive daily to the city of *Mukdaharn*. Similarly, the wife of the community school janitor sells fast-food, vegetables, and some basic groceries at home. These three stores are among 10 private general stores existing in *Ban Boa* besides the 2 mechanical garages providing basic repair services for ploughing machines, bicycles, and motorcycles. Finally, there are 5 households currently operating their private rice mills in the community

Twenty five residents of *Ban Boa* also work in the government services as well, which include: eighteen elementary school teachers, one junior high school teacher, two school janitors, one policeman, one forestry officer, one nurse, and one community development worker. It is important to note that all these government officers who are married do grow rice for their family consumption, while the single ones still live with their parents. Their average salary is about 7,000 to 12,000 baht.

Economic Stratification

Property ownership, especially land-holdings, is very important to the social structure of agrarian rural communities. Economic groups are therefore classified normally by the size of land-holdings. However, the combination of available data may serve as better criteria of the economic position of the people. Hence several factors are used to classify the economic position of the people in *Ban Boa*. In the following discussion, the amount of lands owned by the people is used firstly as a framework of classification. Then, their ownership of some other production tools and vehicles, and their occupations serve as supporting criteria.

Table 3: Proportion of Land Holdings in *Ban Boa*

Farmland Owned (rai)	No. of Households	Percentage
Poor	**(92)**	**(50.27)**
1 - 5	6	3.28
6 - 10	86	46.99
Moderate	**(54)**	**(29.51)**
11 - 20	54	29.51
Well-off	**(37)**	**(20.22)**
21 - 50	34	18.58
51 or more	3	1.64
Total	**183**	**100.00**

Note: 1. Compiled from data of the two villages in *Gor Chor Chor Song Kor*, 1992

2. More specifically, the data also reveals that 142 households (in 183 families) own farmlands, of which 30 households own some but renting more land for farming, and that there are 11 landless households which are not included in Table 3.

In this research, the economic position of people in *Ban Boa* is classified into three categories: poor, moderate, and rich based firstly on their land ownership. From

Table 3, 50.27% of households are in the poor category which includes 92 families who own between 1 to 10 *rai* of land.

The moderate category accounts for 29.51% of households who own between 11 to 20 *rai*. A little less than the moderate, the rich group comprises 37 (20.21%) households with only 3 of them who can be considered very rich farmers. The data on ownership of other production tools and vehicles are also supportive of the above classification. According to the data recorded by the NRDC (1992: 46), 51 households in the "well-off" and a small portion of the "moderate" categories owned ploughing machines for their own use, while 108 households in the "poor" and a small portion of the "moderate" categories have to hire machines to plough their farmlands. Furthermore, 10 households are reported to have owned engined-carts that are usually used for transporting cultivation tools and agricultural products, and one family own a "six-wheeler" truck (Ibid: 20). By and large, those farmers who own these production equipment have larger land holdings and engage in more economic activities and depend seriously on their farming for family incomes. There are about 33 households who can be considered as "well-off" since they earn family incomes throughout the year. These are: 5 private rice mill owners, one big private store owner, 23 government officials, one retired teacher, and three smaller private store owners who own 4 minibuses (classified as "pick-up" truck). It should be noted that the other 9 "pick-up" trucks in the community are owned by government officials, six of whom are teachers (NRDC, 1992 and from fieldnotes).

Social and Cultural Dimensions

In general, the people of *Ban Boa* are ethnically and culturally homogeneous. They have the same ancestors and they believe in the same religion - Buddhism. They also speak the same dialect. On the whole, they are rice-growing farmers who depend

mainly on rain water for rice cultivation and other domestic purposes. Their lives seem to be fairly similar in many respects.

Family Institutions

Traditionally, people in *Ban Boa* lived in an extended family. After the wedding, a new couple reside with the parents of the wife. They might share the same house or build their separate one on a small divided piece of land in the same area given by the parents. In this complex-like structures, they all, that is the old and young, eat together. In their leisure, they share a common area where they meet and talk about common issues. From a cultural point of view, the family's elderly members help to raise grandchildren while the parents go out to work. As a result, customs, norms, and values of the society are transmitted from one generation to the another.

However, family system in *Ban Boa* community has changed somewhat over the past decade. The tradition of new couples building their houses on a small divided land next to their parents' houses has led to the problem of density in the community. Many families have therefore began to move to the more open land. In the mid-70s the *Kamnan* of *Tambon*, a resident of *Ban Boa*, proposed and implemented a small land reform of the public land in the north side of the community in order to relocate families to the outside area of the community. The land was divided into plots with gravel road running through the middle. A number of families bought the plots but did not move to live there immediately because it is quite far from the community centre. From my observation there seemed to be only government officials who have their families' main income from their salaries sufficient to pay for the plots at about 20,000 - 30,000 baht. However, there is a tendency for young couples to move and live on their lands outside the main community after electricity became available in 1985 (see Map 2).

Religious Institutions

There are two Buddhist monasteries - *wat*s - in *Ban Boa* for community members to perform their religious activities. One is located in the centre of the community while the other is founded on the nearby hill[6]. They were established in 1931 and 1937, respectively. Although the latter is located away from the community centre, more Buddhist fellows prefer to go there because the Abbot is well known for his strong Buddhist practice.

These two *wat*s are the places where *Ban Boa*'s residents -all Buddhists - go to make a merit (giving alms to monks) every Buddhist sabbath, usually once every eight days. While both *wat*s similarly provide such religious ceremonies as entering a monkhood of young men and celebrating the entering of Buddhist Lent, the one located within the community holds other religious and cultural ceremonies as well. Those include funerals, *bun phawes* and *bun khaw pradabdin and bun khaw sag*. As such, *wat*s have always been public meeting places for the *Ban Boa*'s people on almost all occasions. Through these social activities, the people in *Ban Boa* have been eventually exposed to and subsequently inspired by Buddhist teachings preached in those two monasteries.

In this connection, Buddhist teachings certainly have effects on the way of life of the people in *Ban Boa*. Similar to most rural people still strongly adhering to and actively practising Buddhism, the people in *Ban Boa* practised what they believe. While the community has entered the *market or money economy*, the people are generally hard working mainly to gain their family's basic needs not for economic accumulation. This phenomenon may be accounted for by what Phra Dhebvedhi (1992) pointed out as follows:

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[6] In Thailand one can expect to find Buddhist monasteries rest up on the hill where the surrounding is natural and usually quiet. The Buddhist monks need such peaceful place for mediation to learn their Buddhism.

> ...Buddhism accepts the significance of economics...(however), it means that economics is taken to be merely one amongst a number of factors (traditionally eight) that comprise a right way of life, i.e. one capable of solving the problems facing humanity...(p.7)

This is somewhat different from what Suksamran (1993 &1984) pointed out about the past and current roles of Buddhist monks in rural areas. According to Suksamran (1993: 62-69), a number of Buddhist monks were mobilized during the 1960s to endorse the government's political legitimacy by promoting community development programs for the poor in the North and Northeast of Thailand. They would also help to integrate the nation by instilling a sense of loyalty to the nation, government, religion and the king.

Moreover, Suksamran (1984) indicated that at present Buddhist monks have become increasingly involved in rural development. Since their main secular functions (e.g. education, health service) are now undertaken by the government organizations, Buddhist monks, in the remote rural areas where government services are not available, have taken up various development projects to meet the needs and solve the problems of rural people. Examples of such activities are setting up occupational trainings for the disadvantaged; campaigning against all kinds of addictive substances and habits that are both harmful to the people's health and wasteful to the latter's economy (i.e. liquor, cigarette, and gambling); and leading local people to construct irrigation dam for both consumption and farming (p. 120-161).

However, the *wat* itself does have other positive contribution to community development. First, since the public have to use a *wat* as a religious centre, all access to *wats* (e.g. roads and bridges) have always been well maintained. Second, all natural resources in the boundary of a *wat* are normally safe from vandalism because people also generally consider them as property of the Buddhist monastery. Moreover there is presently a trend for Buddhist monks to be more concerned with environment as it

directly affects their practice of Buddhism. Third, the existence of *wats* in a community helps spread Buddhist concepts of authentic development, such as the concept about people's sharing wealth, saving nature, and diligent working without exploiting each other.

Educational Institutions

There are two public schools in *Ban Boa*. One is a primary school, the other a junior high. The primary school was originally built in 1936 in the area of the community monastery[7] and later moved to its present site in 1969. It has seven classrooms staffed by nine teachers. One classroom is allocated to kindergarten children and the other six are for grades 1 to 6 students. All 155 students of this community school are residents of *Ban Boa; s*even out of nine teachers are local people while two teachers are from the nearby cities. Nonetheless, the two outsiders have been well integrated into the society because they not only share the same *Bhu-Thai* culture as the local people but are also married to *Ban Boa*'s residents.

The junior high school is located in the northwestern part of the community which is about 10-15 minutes walk from the community centre. It was established in 1988 with only three classrooms for students from all the villages in the *Tambon*.. It has a younger staff in comparison with those of the community primary school.

The community school is an active part of the community often participating in social events of the community. For example, the school closed one afternoon in order to let both children and teachers participate in the funeral ceremony of an old woman who died during my stay in the community. For the junior high school, despite being located in *Ban Boa*, their participation in the community activities has been minimal because

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[7] In the old days the education of Thai children was provided through Buddhist monasteries by Buddhist monks because then they were more knowledgeable than general people.

students are mostly from all nearby villages while only about one-third of them are from *Ban Boa* (Source: The principal of Junior High and Community Schools).

It is worth noting that students' learning in both schools are not really relevant to local ways of life. According to the principals of both schools, the school curricula were actually developed by staff in the central offices in Bangkok. Since Thailand still has a centrally controlled examination for high school students to write in order to enter into universities or other institutions, school teachers at every level try their best to manage time appropriately to carry out the centrally developed curricula on schedules, gearing their students towards the university entrance examinations. As a result, one can hardly find school teachers who try to integrate local or any other knowledge into their teaching for it will not be helpful for students' writing the entrance examinations (Sathorn *et al.*, 1988).

Table 4: Educational Attainment of People in *Ban Boa*

Level of Educ.	Number	% of Total Grad.	% of Total Pop.
Primary School	460	76.54	48.32
Junior High School	54	8.99	5.67
High Sch. or Eqv.	52	8.65	5.46
Post Sec. Education	35	5.82	3.68
Total	**601**	**100.00**	**63.13**

Note: Compiled from data of the two villages in Gor Chor Chor Song Kor, 1992 (NRDC, 1992)

As regards the level of education of the people, most of them completed basic education, that is primary education. Out of a total population of 952, more than half (601 or 63.13%) was reported, in 1992, to have completed primary education (see Table

4). Those who have only primary education account for 48.32% of the whole population in *Ban Boa*, whereas those with education higher than the primary is merely 14.81%.

It can be seen from Table 4 that out of the population with education, 76.54% completed only primary education and 8.99% and 8.65% went on to finish junior high and high school, respectively. According to the figure, it is quite obvious that not many primary school graduates in the past went on to secondary education. The data in *Gor Chor Chor Song Kor* (NRDC, 1992) further reveal that there were 350 students in the school system in 1992 and there is only one reported "so-called" "illiterate" in the village.

Social Services

For an outsider such as myself, *Ban Boa* looks like a self-contained community. There seems to be adequate social services for community life. Public health service is easily accessible to people in *Ban Boa*. The public health office is in *Ban Kao*, the adjacent village that is about six kilometres away. Nonetheless, there are two public health volunteers' in *Ban Boa*, each responsible for the village in which s/he lives. These volunteers are the local people who were selected by the *Tambon* public health officer and trained to work in their respective villages as "helpers" to the residents. On a regular basis, they are supplied with basic medications that can be purchased at minimal price. For a case that is beyond the volunteers' capability, the responsible officer will be contacted and appropriate actions are taken accordingly.

Although it is quite remote from big cities, people in *Ban Boa* have access to electricity that has been available for the whole village since 1985. There are 177 out of 183 households using this service (NRDC, 1992). The basic use of the electricity is for lighting their houses while secondary use is for such luxurious devices as electric fans, television sets, and video players. Several households also use electricity to pump water from their wells for family consumption. With the advanced technology of air-

compressed water pump and a simple plumbing system, many "well-to-do" families have enjoyed tap water from their own wells.

Water in *Ban Boa* has never been a problem throughout the year. People are happy about this. In this regard, one resident commented as follows:

> ...while other villages around us lack water for use during summer months, we in *Ban Boa* have never suffered from such a problem. The level of underground water is not very low during the summer, as compared to that in other communities where some people tried to dig wells and succeeded, but many of them failed... (Doctor of Traditional Medicine).

People in *Ban Boa* drink rain water. Having been initiated by the government in the late 1980s, many households built their large "*Ong Nam* (a water-jar of about 500-800 litres in volume) to collect rain water during the rainy season for drinking purposes throughout the year. A few "better-off" families such as teachers or retired government officials can afford to have their own cement tank built for that purpose. Each tank contains at least six cubic metres of water and that guarantees the family's drinking supply for the whole year. Nevertheless, according to the NRDC's report of 1992, there were about 76 households who ran short of drinking water in the summer of that year - they therefore had to drink from their water wells instead (NRDC, 1992).

All water consumption by families in *Ban Boa*, other than drinking, depends on water wells. Because *Ban Boa* is naturally endowed with high underground water level, the water consumption of all households is fully dependent on their wells. Households that do not have their own wells use water from the public or their neighbours' wells.

There are two types of wells. One is a piped well which operates with a long pipe with filter attached at the bottom end either drilled or driven down by special tools to reach the underground water. The construction of a piped well is complicated and costly hence there are only six piped wells in *Ban Boa* and all are public property (NRDC, 1992).

The other type is cement-sheathed well. This type is simpler and easier to build than the previous one. In most cases people help each other in building this type of well. Although it is simple to build not all households have their own well. According to the NRDC report in 1992 there are only 12 public and 160 private sheathed wells in *Ban Boa* (NRDC, 1992).

Transportation of people in *Ban Boa* is convenient. There are four minibuses[8] which provide public transportation daily from *Ban Boa* to the local district city and the city of *Mukdaharn*. These buses are scheduled once a day due to the low number of passengers traveling. Two buses leave *Ban Boa* around 5.30 a.m. to the city of *Mukdaharn* and return to the community at about noon. The other two leave *Ban Boa* at about 7.00 a.m., taking high school students from *Ban Boa* to the local district city before running further to the city of *Mukdaharn*. They return to *Ban Boa* late in the afternoon.

Communication in *Ban Boa* is simple. The fact that the community is small and crowded with housing, people use "personal contact" as their normal communication channel. However, there are community loud speakers mounted up high on the tower where people in the whole community can clearly hear, to update community members of the community's current situations and the broadcasts of news and other private messages. People in *Ban Boa* are able to view national or regional news, as well as the other educational and entertainment programs on television sets. Via a nearby sub-station of the television system, almost all television programs shown in Bangkok areas are also available in *Ban Boa*.

People appear to view national news programs and movies more than educational ones. This could be because the former are on during people's rest time in the evening

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[8] Minibus is a modified pick-up truck to which two cushioned benches are placed in the back and a cover on the top, lengthwise.

while the latter are mostly on in the mornings when farmers go out to work in the fields. Besides, the contents are not directly applicable nor attractive to small farmers. It is reported by the NRDC that up to 138 households have their own television sets in 1992. However, most households have radio sets. Telephone service has not yet been made available in the community. If there is an emergent need to use the phone one can go to the city in the adjacent province, 25 kilometres away from *Ban Boa*, where there is a public phone service. Interesting enough, through very close and informal connection a few persons may be able to use the phone at the Buddhist monastery on the hill. This is obviously a private telephone set up for the highly venerable Abbot by one rich Buddhist believer who lives in another province.

Social Relations

The social relations among the people of *Ban Boa* seem to be very close like they all are in one family. The strong kinship is explicitly holding the whole community together. From an interview with one female member of the GPC, people in the past were married traditionally to the people within the community, mostly through the arranged marriage system. Because there are six family names that are broadly used by most people, it is common to find a couple to use the same last names before they marry. This fact has resulted in more cohesive relations among community members.

Similar to most rural communities of Thailand, the relationship between men and women is not socially equal. Men are still in the lead roles in almost all instances. For example, in becoming a member of the GPC of many households only a husband becomes a member. This is because the man is the head of the family. In religious activities at *wat*, I saw men and women sit in separate places, with all men sitting in front of the crowd facing the respected monks while all women sitting behind. The arrangements of all religious activities are done by men while such supporting ones as

cooking and serving food and cleaning up, considered as more difficult work, are undertaken by women.

The women's responsibilities for their family are commonly confined to up-bringing children and housework, whereas men are in charge of all social contacts and work outside to earn income for the families. Typically, important decision-making on matters such as the education, occupation, the budget for and type of productive activities, tend to rest explicitly with men (Suparb, 1991). This type of social setting in rural Thai family is identified as "patriarchal family" by Dr. Paitoon Kreukaew (cited in Dhampunta, 1989: 157) whereby men are superior and take all responsibility of the well-being and the safety of everyone in the whole family. It is the last names of the men that are used by everyone.

Although the people of *Ban Boa* are not all biologically related, they have care and concern for each other. They never cease to offer moral support and voluntarily lend assistance, when possible, to their community folks in a number of events. One evening during my stroll around the community, for instance, I met a group of three women who were neatly dressed and held some flowers in their hands and some rice in small bags. I asked them politely where they were going. In reply, they said they were going to pay a visit to a very old lady who was chronically sick in the community. Traditionally, they said, the visit of this kind is made in the evening; the flowers represent the freshness brought along to cheer up the sick and the rice meant to offer more supply to the host who would provide meals for visitors.

Another moral support I witnessed was the frequent visits made to an old woman, who is the housewife in the household where I stayed in *Ban Boa*, by her concerned neighbours. She was accused of illegal wood milling, evidenced by some logs and milling saws left in her farmland, despite the fact that she has hardly visited that particular area. The case was filed at the police station about 6 kilometres away from *Ban Boa*. Most visitors came to cheer her up by chatting awhile before departing, while

some offered advice as to how to deal with the case. Fortunately, her case was cleared shortly after her husband reported that the tools belonged to another person. The real owner of the tool was later criminally charged by the authority.

In the case of lending assistance to neighbours, I met a man devoting his time and labour to help his neighbour. One late afternoon while walking to visit a house at the south end of the community, I saw this man finishing his routine work earlier. So I asked why he retired from work so early and he said that he was going to help his community fellow who was holding the funeral ceremony of his late brother-in-law. This social value is very typical to rural people of Thailand (Suparb, 1991).

It is the tradition of *Ban Boa* that many community members go to help their neighbour with any kind of work when the latter holds such ceremonies as funerals or weddings. Since help is normally in the form of labour work, everyone is able to contribute equally, regardless of his/her socio-economic status. In most cases, residents help on those kinds of work that they normally do at home, according to their roles. For example, in general, most housewives usually help in kitchen (e.g. cleaning dishes, preparing meat and vegetables for cooking), whereas men volunteer on heavy works (e.g. setting up chairs and tables, chopping firewood and butchering pigs or chicken for meat) or on religious settings[9] (e.g. arranging seats and other required necessities for Buddhist monks to pray during the ceremony). While senior people normally take on supervisory tasks, by making sure that everything is properly done or performed, young children are not expected to do much work, except light tasks occasionally.

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[9] Traditionally, Thai men would volunteer or are assigned to the tasks that are related to religious arrangements because of two reasons. First, there is an absolute restriction on relation between Buddhist monks and women. According to Buddhism (codes or rules), the monks are not allowed to touch, or to be touched by, women. Their private conversation is even not allowed. As a result, it is well known by both Buddhist monks and women that they have to keep distance from each other. Second, all Thai male are supposed to become monks when they turn twenty years of age. This tradition is still very strong in rural areas in Thailand. Therefore, men, especially aged ones, are expected to have experience in the monkhood and to know better about certain requirements in different kind of religious ceremonies.

For rural farmers, the care and concern for others also extends to outsiders (Ibid). Whenever they meet outsiders coming into and looking for something or some people in the community, villagers would give them drinking water before offering to help. If the encounter was at meal time, generally, the outsiders would be invited to join them. As an outsider, I was often invited to join their "*meing*"[10] and supper when walking along the roads in the community in the afternoons and evenings, respectively. Occasionally, I gratefully accepted the invitations so I could gather more knowledge about the community and people. The people who offered me snacks and suppers were always willing to help me with my inquiries and welcomed me at anytime.

Social relations among people in *Ban Boa* has been smooth, though conflicts sometimes do occur. For example, conflict over land ownership between relatives which was usually arbitrated by the community elderly will be discussed later. The typical seniority system that has long been observed in *Ban Boa* has certainly accounted for such relations. In general, elderly individuals, regardless of their age, are always placed in the socially highest position in the society and they also gain respect from younger people. Therefore, any feeling against the elderly can be easily calmed down when requested by someone who is respected. In fact, the people of *Ban Boa* seem to prefer compromise than confrontation. This is also true for most Thai people who are generally found to be polite, smiling, likely to avoid face-to-face hostilities and "*krengjai*"[11] (Meesook and Bennett, 1973; Phillips, 1965; Rabibhadana, 1982).

With regard to the social relation discussed above, the elderly generally has another social role in reinforcing social bonds among the people of *Ban Boa*. An elderly individual is always first sought whenever personal controversies occur among the community members. As one of the highly respected persons confirmed:

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[10] A typical and regular afternoon snack that is usually prepared for their informal get-togethers in leisure.

[11] "*Krengjai*" is a typical characteristic of being non-offensive of Thai people towards others by all means. If they know that doing a certain thing would displease other people, they would avoid doing so.

> ...Most personal conflicts in *Ban Boa* are normally dealt with locally; hardly the case has to be taken to a court or law officers involved. Whatever type of conflicts, either land ownership or family issues, the two parties will usually come to an agreement that an individual whom they mutually respect should be sought for to mediate their case. Traditionally, a reconciliation between two opponents is devised by a locally respected senior individual...(Interview with the past *Kamnan*, a resident of *Ban Boa*).

In turn, the elderly are proud of being able to help resolve problems in the community. In fact, their importance is being recognized publicly.

The long established kin system of *Bhu-Thai* community has also enhanced social cohesion in *Ban Boa*. As a member of *Bhu-Thai* family or kin, one has to respect those who are ranked higher in his or her lineage system, regardless of their age, and this tradition has been taught consistently. As recalled by many, the teaching is usually done at wedding ceremonies by the highest ranked person in the kin. All relatives on the *Bhu-Thai* side will be introduced to the new "non-*Bhu-Thai*" in-law by the highest ranked one according to each one's rank in their line of descendants. The teaching focuses mostly on the seniority system within the kin, emphasizing that respect must be properly paid to the higher ranked relatives by the younger ones, regardless of their age. In fact, the respect can simply be observed merely at the verbal level by addressing properly the social title in front of the to-be-respected's name. By and large, this tradition is strictly observed by the *Bhu-Thai* throughout the community.

Another *Bhu-Thai* culture that definitely harmonizes *Bhu-Thai* people is the tradition of *Poh-Lahm* and *Luuk-Lahm*.[12] When a man wants to get married he "must" select a socially credible person whom he respects to act on his behalf in presenting his marriage proposal to a woman's family and carrying out formal ceremonial arrangements during the wedding. That credible person is called *Poh-Lahm* and usually known as a

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[12] In Thai, the word *Poh* means a father, *luuk* a son or a daughter (a child to parents), and *sapai* a daughter-in-law. The word *lham* usually refers to a translator or negotiator.

respectful and well-mannered individual of the community, whereas the marrying man is *Luuk-Lahm*

The relationship between *Poh-Lahm* and *Luuk-Lahm* has brought about "close-relationship" among social members. One *Poh-Lahm* I interviewed recalled that:

> ...*Poh-Lahm* is considered as a second father of *Luuk-Lahm* who will then call the former father. After marriage, the wife of *Luuk-Lahm* will follow suit in her relationship with *Poh-Lahm* of her husband. She will be *Sapai-Lahm* There is no objection for *Poh-Lahm* to have more than one *Luuk-Lahm* . In fact, I have six *Luuk-Lahm* altogether. When my *Luuk-Lahm* and *Sapai-Lahm*-have a conflict which they cannot settle, they come to me for help. Usually, they believe me. Moreover, whenever I have some important work such as a recent wedding ceremony of my own daughter, my *Luuk-Lahm and Sapai-Lahm* came to help. They felt obligated to do so, I did not ask for it...(The past President of the GPC)

Thus the *Poh-Lahm* and *Luuk-Lahm* tradition has created more cohesive social bonds among community members. Many persons, who are not really akin, are drawn closer through the practice of this tradition. They become cousin-like, at least closer friends, as they share the same father - *Poh-Lahm.*

Regarding social stratification in *Ban Boa*, the kin system has given rise to an interesting phenomenon. As mentioned earlier, there are four main clans in *Ban Boa*, in each of which the members have distinct roles in the community. Two clans seem to have their members work as school teachers (in another word - government officials) more than the other two clans because they had better educational opportunities, while the third clan has its members become local leaders, both formal and informal, more than the rest. Members of the fourth seem to have ordinary roles as community members, except only one who seems to be an "influential person" (IP) in the community. (This "IP" will be discussed later in Chapter 5 and 6).

The distinction between these four main clans has certainly resulted in some covert social conflicts, which mostly appear in terms of competition for social recognition rather than other kinds of interest. For example, while the first two clans

have already had recognition for having "government official" members, the third tried its best to hold local power. The members of the fourth clan, especially the IP, are inclined to take side with the third clan. From my interview with two key informants outside these four clans, it was said that the IP actively helped one member of the third clan to win in the Village Headman Election. As for the IP, he also holds a few leading positions in local development organizations. As such, while the first two clans seem to gain higher social recognition for being government officials, having higher education and income (from salary), the latter two clans have access to local power. However, there does not seem to be the will of one clan exerted over the other. This could be attributed to the strong kinship system and *Bhu-Thai* culture in the community.

Summary

Ban Boa is a small rural village of *Phu-Thai* people in the northeast province of Thailand. It covers the areas of two formal villages (*Moo Bans*). Most of its people are farmers who actually carry out more than one productive activity to earn their family incomes. A number of *Ban Boa*'s residents work for government (e.g., school teachers) nonetheless, every family, regardless of their principal occupation, grows rice on their own farmlands for family consumption except one landless family that farms on rented land.

About one half of the households (50.27%) in *Ban Boa* are poor while the other two groups, the moderate and the rich, are not much different in number (respectively, 29.51% and 20.21%). The rich, most of whom are government workers, seem to own more farmland and other production capitals as well as cars than the rest of people.

Public services are convenient for people in *Ban Boa* community. Transportation to nearby cities are available daily. Everyone has equal access to public health service and all children have access to education in both primary and secondary schools in the

community. There are Buddhist *wats* for people, especially the seniors, to carry out their religious activities right in their community.

The kinship system and *Bhu-Thai* culture is quite strong in maintaining close social relations among villagers in *Ban Boa*. Generally, people live in extended families through which their social values and norms are transmitted from one generation to the next. Most of them are related to each other, one way or another. The tradition of *Poh-Lahm*–and *Luuk-Lahm* has also helped create social bonds among those who are not family-related.

Senior people receive very high respect from the young, and so do those who are in "senior positions" from the younger in the same family hierarchy. The respect is also received by local leaders. As such, people in *Ban Boa* generally behave similar to Thai people in other rural areas; that is, they tend to follow their leaders, avoid personal confrontation, and help each other.

Having discussed the geographical, demographical, economic, social, cultural, and political dimensions of the community in *Ban Boa*, the next chapter will present the development and performance of *Ban Boa*'s Group of Production Credit (GPC). As one of community development activities, a GPC is intended to deal with poverty problem in rural area by helping local people to become more self-reliant in term of solving their own problems and meeting their needs through their collective efforts.

CHAPTER 5

GPC: DEVELOPMENT AND PERFORMANCE

This chapter presents the development, the performance and the problems and solutions of the Group of Production Credit (GPC) of *Ban Boa* since the beginning of its operation in 1981. The first section intends to provide a description of the GPC in initial stage. This is followed by changes which the GPC has undergone during the past 12 years; and finally it discusses the GPC's past and present problems, as well as the solutions and approaches taken by the administrative body of the GPC.

Formation

As a state-initiated development activity, a GPC is one of the CDD's nine programs and it aims primarily to deal with poverty problem in rural areas (CDD, 1987: 22) by developing both people and their economy (CDD, 1991: 17-20). Basically, CDD would help rural people recognize their existing financial constraints or that of the community before offering them the ideas about GPC as one of the solutions to their poverty. If the villagers are convinced to establish a GPC, CDD would continually facilitate its development via different approaches (e.g. the provision of trainings, teaching "how-to" techniques, and direct consultation). This task of CDD is normally conducted by a community development worker (CDW) - a field worker of the department - who is usually assigned to work individually with people in rural communities.

It must be noted that the CDD's intention is only to set up local financial institutions for rural farmers, so that the latter have opportunity to participate, practice, and learn to become self-reliant. It is expected that, upon succeeding in setting up the GPCs people will have an access to local financial resource for their family consumption

and production. As such, the GPC seems to be underscored by the modernization-growth and basic needs paradigms. As analyzed later, this emphasis means that the issues of inequality in access to government services and imperfect marketing system have not been brought up for discussion among poor farmers.

In *Ban Boa* the concept of GPC was introduced to the villagers by a Community Development Worker (CDW) and established in October, 1981. By mid-1981 a CDW, who was assigned to work with the villagers in *Ban Boa*, paid visits to some local leaders, both formal and informal. The visits were to "sell" the ideas about GPC by explaining what a GPC is and what benefits can be accrued by the villagers. The local leaders then passed on the ideas to their fellow villagers in the entire village. As one of the key informants recalls,

> ...in 1981, a CDW who was assigned to work in this *Tambon* helped set up the group (GPC). Initially, he came to talk with me, Mr. *Cha*, and *Kamnan* of the *Tambon* to explain about the group of production credit. We then expanded the ideas (to other villagers) as to whether we should set up the group. Many agreed to set up and decided (to join) a GPC...(The second President)

On October 7th a meeting was held at the community monastery to discuss and finalize the ideas that were discussed earlier. That meeting was attended by both government officials from District CD Office - the District CD officer and the CDW - and interested villagers. Thereafter, the GPC of *Ban Boa* was established.

The Operation

The GPC of *Ban Boa* started off with a total of 52 pioneer members and 1,570 baht of their savings. Its administrative committee included formal and informal leaders of the village and teachers from the community school. In accordance with the suggestions made by the CDD (CDD, 1991: 32), the GPC had four administrative committees, five members in each. Although the CDD suggested that the individual

committee members alternately resign from their respective positions to allow other villagers to participate in and learn from the GPC (Ibid.), the new executive committee adopted a two-year term tenureship for all committee members.

These four committees are: the Executive Committee, the Inspection Committee, the Loan Service Committee, and the Promotion Committee. The first committee is in charge of the GPC's general administrative works (e.g. approving new membership application, determining interest rate and maximum ceiling of loans) and contacting outside organizations. The Inspection Committee performs inspection duties of all activities of the GPC while the Loan Committee has to deal solely with loan services (reviewing and approving applications). The last committee - Promotion Committee - is responsible for membership expansion and members' education, helping them to understand the concept and practice of a GPC, it also has to promote membership (Inwang & Anantamonkol, 1989: 24-26)..

The administrative committee was composed of village leaders and some local teachers - the majority of government officials living in the community. The then *Kamnan* of the *Tambon* was elected to be the first President of the GPC.

Such composition of the administrative committee deserves a brief comment. According to a CD supervisor and the second President, the *Kamnan* of the *Tambon* was voted to be the first president because of his official title as the head of the *Tambon*. As for the local teachers, they were elected to the committee because they were considered to be more knowledgeable in mathematics and able to perform secretarial skills better than most villagers in carrying out the operation of the GPC which seems to be an innovative experience. It is worth noting that the first President of the GPC was from the clan whose members are government officials more than the those of the other clan. As a result, relationships between implementing agencies and the GPC leadership were relatively smooth.

Regarding people's decision to vote the official leader and school teachers to administer the GPC, the interviewees have the following to say.

> ...The meeting voted for the *Kamnan* unanimously to be our first President. In fact, we honoured him for he was also the leader of our community...(One of the 52 pioneer members)

> ...We (villagers) did not know anything about the GPC. It was good that we have the RCDW to help us when we did not understand something about the GPC. Besides, we were very much dependent upon the local teachers' knowledge and skills when it came to numbers and calculation...They were good at those because they normally taught their students...(The Second President)

The Objectives

According to the consent reached at the first meeting of 52 pioneer members, the GPC was set up to carry out three main objectives. First, the GPC was aimed to organize local people to help each other, spiritually and financially. Second, it was aimed to mobilize local financial resources for the first stated purpose. Third, the GPC was expected to promote business operation for local people (GPC's 1981-Statute).

Activity

The main activity of the GPC during its first two years of operation was to save money collected monthly from its members. The savings were scheduled to be collected on the 4th day of each month. To make the GPC open to everyone in the community, the GPC requires each member to save monthly *sudja-sasom* [1] (accumulate savings) at the minimum of 10 baths. However, the maximum was not limited so long as a member was able to save the specified minimum amount agreed upon every month. Once fixed, the saving amount could be increased by a member, but not reduced and most importantly

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[1] Sudja means a "promise" whereas *sasom* "accumulative sum." Altogether *sudja-sasom* is refereed to the money one has accumulated (for a month) to be saved with the **GPC**.

the savings could not be withdrawn unless the member resigns from the GPC. This strict regulation resulted in conflicts between some members and the GPC's committee which will be discussed later in the study.

Membership

Members of the GPC are divided into three categories namely regular members, probationary members, and honoured members. The first category includes the pioneer members and members who have already passed the probationary period of three months and, subsequently, received approval from the Executive Committee. The probationary period is intended to be a trial period, as well as to attest to the quality of the newly applied members, that is the willingness and consistency in their monthly savings of the promised amount. The second category refers to new members who have initially applied for membership and are in the three-month probationary period. The third refers to all interested government officials, namely soldiers, policemen, community development workers, teachers, and public health officials who are not retired (The GPC's 1981-Statute).

Membership of the GPC is open to all. Regardless of one's sex and age, any interested person can become a member of the GPC, provided that he/she meets the criteria set forth in its Statute. They are as follows: (a) members of the GPC must be residents of *Tambon* in which the GPC is located; (b) government officials can become honoured members but they do not have access to loan services of any kind because they have regular incomes from their salaries. According to the RCDW , "the government officials are not as in need of loans as regular members who mostly are farmers. The available credits are supposed to be utilized by poor farmer members" and (c) junior members (minors under 20 years of age) must have consent from parents or guardians (The GPC's Statute, 1981). As of October 30, 1993, there were 439 members of the GPC (The GPC's Savings Book).

Development and Changes

The GPC of *Ban Boa* has undergone a number of changes in many respects in its over 12 year history. Although it was sluggish and stumbling in its early stage, both the GPC's administrative committee and the Provincial CD officials have officially reported that it has been able to stand an array of difficulties in various situations during the past decade. Since 1990 when it became the first prize winner of the Best-Performance GPC Contest, sponsored by the CDD at the regional level, a number of activities were initiated and modified to provide better services for its members. However, the GPC has been occasionally affected by serious problems, such as the 1983 and 1986 massive membership withdrawals. Fortunately, most of the problems (e.g. GPC's sluggish development and financial loss) were solved while a few problems (e.g. shortage of available credits and lack of new volunteers to work for the GPC) currently remain.

Leadership

Since 1981, the GPC's leadership has undergone a number of changes. Although there has been not much change in its leaders, the capacities of its administrative body have transformed markedly from being incompetent in operating the GPC at the beginning to being able to run the GPC more effectively today.

Regarding its leaders, the GPC of *Ban Boa* has had three presidents over its 12 years of existence. After being elected by unanimous votes, the first President was quite active during the first years. But his enthusiasm waned and he finally resigned from the position and membership of the GPC in 1983.

The resignation of the first President seems to be attributed to conflict of interest. In fact, the first President perceived the potential economic conflict between the emerging activity of the GPC and the general store owned by his son.

> ...*Kamnan* was our the first President of the GPC but not very effective. When we held the meeting to discuss issues of the Demonstration Store, he did not

> like it because his own son also owned a general store - the one that has a small repair service. Later, he decided to resign from the position, as well as the GPC...(A female pioneer member, about 27 years old)

> ...the first President realized that the potential Demonstration Store would run into conflict, economically, with the business of his son who owns the biggest private store in the community. Consequently, his enthusiasm in working for the GPC subsided and he finally resigned from the position and even from membership...(A male pioneer member, about 60 years old)

The position was then filled by the vice-president, one of the informal local leaders who has been consistent in support of the GPC.

The second President led the GPC during the "down time" between 1983 and 1988, during which many occurring difficulties were caused mainly by the lack of understanding of the GPC by both the committee and members. Moreover, as discussed later, the conflicts among the committee as well as the members had worsened the situation. The second President willingly stepped down from the position in 1988. Nevertheless, because of his strong commitment to the development of the GPC, he stayed on as the vice-president until 1992 before he resigned to become an advisor to the GPC's administrative committee. In such position he plays a rather less active role in relation to the GPC's operation.

The third President is a young and active leader of the GPC, as compared to the two previous ones. In his early forties, he was the vice-president to the second President and is one of the 52 pioneer members of the GPC. He is said to be the most knowledgeable about and experienced in GPC's matters among the executive members and is highly trusted and respected by most members.

During the past 12 years most members of the GPC's administrative body, especially the members of Executive Committee, have expanded their knowledge about "Group of Production Credit" and improved their managerial skills remarkably through different types of informal educational activities. In fact, it was not only the training and

seminar sessions in which they occasionally participated on the subject matters pertinent to their duties, but their actual tasks and responsibilities in the GPC have also accounted for such growth of their knowledge and skills. Such attributes can be useful for the operation of the GPC.

There were a number of government-funded informal educational activities that were arranged by concerned CD offices to help the GPC's committee members in *Ban Boa* become more capable of managing their GPC. First, according to the CD District Office's record, the majority of administrative members of *Ban Boa*'s GPC have variably been through training sessions which focus solely on the issues of Group of Production Credit and its activities, for four times. Those sessions basically aim to provide both pre-service and in-service trainings on those issues for the trainees who generally come from all the GPCs in the district.

Second, in 1987 all the Executive Committee members of *Ban Boa*'s GPC went on the study tour together, and most of them are still working for the GPC. The study tour aimed not only to expand the participants' perspectives and experiences but also increased their confidence in the GPC's operation (RCDW's interview).

Third, key members of the GPC's Executive Committees, such as Presidents, Secretaries, and Treasures, have often attended a seminar or a workshop focusing on "how-to" techniques in operating a GPC. It is often conducted by the CD offices at higher levels (i.e. provincial and regional). This type of intensive training has increased the competencies of its participants.

In particular, the past and present Presidents were occasionally required to attend the seminars more often than other committee members. For example, according to the present President, he attended more than five seminars which were conducted mostly in the provincial city and sometimes in Bangkok. The frequency of the present President's

attending seminars is clearly reflected in the expression of the previous President as follows:

> ...The present president is more dynamic and energetic than me when it comes to training or seminars in far away places...He went to attended numerous training and seminars at different levels. From attending to those seminars, he has now become an expert in GPC...(The Second President)

Fourth, all committee members of the GPC in *Ban Boa* had opportunities to learn about the GPC's operation from the supervision and technical assistance provided by the CD offices and expertise at the local level. Nevertheless, it should be noted that these supports were rather more intensive in the early phase of GPC's development than they are now. This is confirmed by the current CD District Officer when he noted that:

> CDWs and involved CD expertise are presently quite at a distance from the group (GPC). Only in preparing the GPC for the Best-Performanced GPC Contest at regional level in 1991 were the CD officials from both Provincial and District Offices very active in their supervision which assisted the GPC to become the first prize winner...(Interview, Present CD District Officer)

Many of the executive members have been re-elected by the members in general meetings[2] on many occasions. This incidence can be attributed to a few reasons. First, the GPC's tasks required of the executive members are apparently time-consuming and complicated for average villagers, at least in the villagers' opinion. As a result, very few ordinary members felt that they were able to work confidently for the GPC. Since *Ban Boa* is a very small community, the villagers normally knew how much time the executive members spent on working for the GPC. Moreover, the former usually asked and discussed about the GPC with the latter in their informal conversations. They hence gradually realized the difficulty of the executive's responsibilities for the GPC. This has further discouraged some willing individuals to volunteer to work for the GPC.

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[2] Procedures conducted in general meetings of the GPC of *Ban Boa* is to be discussed in greater detail in Chapter 7, Discussion and Analysis.

Second, as analyzed later there seems to be a lack of members willing to work for the GPC. In the face of economic constraints today, people generally perceive the tasks and responsibilities in any development activity as "extra" workload in addition to their normal family works because, normally, development activities require voluntary work or, at best, offer very minimum stipend. As a consequence, most people usually try to avoid committing themselves to any development work of that nature.

This is also the case of the GPC of *Ban Boa*. For instance, one male member, about 40 years of age, told the researcher in our informal talk that he was once involved in the GPC's administration. But he decided to relinquish working as an administrative member when he found that the GPC's work is so time-demanding that he could not have enough time for his family chores. The second President also commented that the man's wife did not want him to work for the GPC.

Third, the preference of the involved people of the "efficiency" (pragmatic benefit) of the GPC seems to have retarded the development of human potentials and capabilities. The interviews and observation uncover that most members of the GPC participated in its activities primarily because of the services and monetary profits. In that connection, they generally seemed content with the management of the administrative body that has been producing what they wanted. Subsequently, they showed their contentment by accepting and then reelecting most of the executive members at the general meetings. Unless new individuals with appropriate credentials (e.g., school teachers or community residents with college-education) were nominated, the majority members did not want to change their leaders whose knowledge, competence and experience in the GPC's matters were perceived as sufficient to create much benefit for the former. This was also discussed earlier in the sections dealing with the GPC's potential problems concerning its future leadership.

Membership

Since its inception with 52 pioneer members in 1981, the membership of *Ban Boa*'s GPC has continually increased - not only people from within the *Ban Boa* but also those from nearby villages within the same *Tambon*. Currently, as of August 31, 1993, the GPC has 439 members, about 8.5 times the number of its pioneer members. (see Table 5).

Through interviews, the increase in membership of *Ban Boa* GPC could be explained by three different reasons. The first increase was due to the very high rate of return of the members' savings at the end of its fiscal year in January, 1984. After the Loan Service was initiated in late 1983, at the rate of 24% a year, the GPC had generated a significant sum of interest. When distributed among individual members, the rate of return appeared to be considerably high, with a low number of members (72 members).

Table 5 Membership of GPC, 1981-1993 (Fiscal Year)

Year	Members	Year	Members
1981	52	1988	206
1982	60	1989	300
1983	72	1990	327
1984	114	1991	351
1985	131	1992	374
1986	131	1993	439
1987	132		

Source: As of August 31, 1993, complied from the GPC's Monthly Savings Book

Second, the available services of the GPC seem to be *"genuine"* incentives for villagers to become members. For example, these services were loan programs initiated in late 1983, a first gas station in 1985, a fertilizer credit program in 1987, and rice mill in 1989. From Table 5, it is obvious that each of these services had accounted for the noticeable increase in membership in 1984, 1985/86, 1988, and 1990, respectively. Thirdly, many willing villagers from surrounding villages came to join the *Ban Boa* GPC since 1983 because GPCs that were set up in their villages at the same time as the GPC in *Ban Boa*, had collapsed.[3] Later, they were also attracted to worthwhile services provided at the GPC. Below are excerpts of some members stating their reasons for joining and supporting the GPC.

> ...Certainly, from what I have heard, most members liked the GPC. Although some people complained about the committee and its administration, they never withdrew from the GPC. Generally, they were attracted to the surplus generated by the DS being returned to them... (male member in *Ban Boa*, a minibus owner, 40s)

> ...If we are short of money for farming, we can borrow from the GPC. We also can purchase fertilizer on credit, borrow Regular Loans, as well as Short Term Loans...(female member in *Ban Brick*, 30s)

> ...I liked it because all benefit generated from my purchase would be returned to me at a certain percentage. Think... every year each family would have spent at least 5,000 baht, I think, on their family necessities. If we bought at the private store, a single cent would never be returned. But if we bought from our store, we would get some back at the year end...(male member in *Ban Brick*, 40s)

> ...I myself would like to join as my friends did. In fact, I have also observed that the GPC's activities are going very well for my neighbours, receiving some profit return after buying from the GPC's store...(male member in *Ban Koa*, 40s)

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[3] Interview with Inspection Committee members and Group interview with Executive committee of *Ban Hoa* and *Ban Brick*

> ...At first I was not interested in the GPC's activities as much as I am now. After observing and listening from friends, I believed that their (activities) were good. So, I wanted to give it a try. After getting involved, I found that the GPC can actually help members in many ways. For example, if we are ill, we can borrow Emergency Loan; if we need some money for agricultural production, we can also borrow Short Term Loan...(a male member in *Ban Koa*, 20s)

> ...I like the GPC because it has a variety of activities. At the end of the year, there is profit return for everyone. Those who invested in Share Capital receive more, it is worth investment...As a member, I have credit with the store. For example, even I do not have money, I can buy a pack of cigarette on credit...(a male committee in *Ban Koa*, 30s)

Roles of Government Officials

Over a decade of its existence, the GPC of *Ban Boa* has witnessed a noticeable shift in the roles played by government officials in its development. After being introduced and initiated by the CDW in 1981, the GPC had valuable support directly from both the local teachers and the RCDW.[4] Other government officials, such as a public health officer, an agricultural extension officer, and some police men working at the local service station, have been merely involved as members.

While some of the teachers were elected to administrative positions of the GPC as secretaries and treasurers, others became regular members. The skills and knowledge of teachers were needed in such areas as bookkeeping and accounting, as recalled by a few respondents.

> ...we all teachers really wanted to help bring about development to our community. Teachers from *Ban Boa* Elementary School used to become involved in the GPC's activities, e.g. being a committee member, a treasurer of

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[4] In the reality, another government official always supportive of the GPC is the School Janitor. However, a Janitor is not considered as a "government official" in this study because a Janitor is not a government official who has to be subject to the Civil Service Regulations. Moreover, people in general do not view a Janitor as such, they rather view a Janitor as a government hired wage-labourer.

> the DS, to help villagers on bookkeeping works. At the beginning, most of us became members...(a male teacher, non-member, 40s)

> ...we did not have any clue about what to do to run the GPC. Such works as membership registration, accounting, and other bookkeeping were so new to us. Fortunately, we had help from the RCDW, as well as teachers in this village that got involved...(male member, 40s)

> ...in our village, a GPC collapsed because all teachers (who have useful knowledge and skills) had never gotten involved. In contrast, every teacher in *Ban Boa* was involved (during early stage) in the GPC. They were very helpful to the development of the GPC...(male committee in *Ban Brick*, 50s)

The RCDW has always been supportive of the GPC by providing suggestions or advice, as well as his active involvement in some activities without being a committee member. For example, he regularly brings information about the price of agricultural products from the nearby province where the products are generally bought and posted to the DS at the community centre. As he is a permanent resident of the community, the advice is always at hand.

During the past two years (1991-1992), the government officials' involvement in the GPC has reduced significantly. All four teachers in the administrative positions withdrew from the GPC whereas three teacher members still remain. As for the RCDW, his active involvement has reduced recently to the supportive level as an advisor.

The reasons for such decline of teachers' involvement in the GPC were unclear. There appears to be a contradictory explanation of the teachers' withdrawal. The interviews of these two government officials reveal such contradiction.

> ...It was the District Elementary Office's policy that demands all elementary teachers (in the district) withdraw their involvement in every development activity once the local villagers seem able to help themselves... there was no conflict among the teachers and the GPC...(The principal of *Ban Boa*'s Elementary School)

> ...There was no such policy from the District Elementary Education Office. The withdrawal of the local teachers might be accounted by, at best, their routine works being in conflict with the working hours of the GPC or, at worse, their personal conflicts with some committee members of the GPC... (A male member, Dist. Prim. Educ. Supervisor, late 30s)[5]

As for the RCDW, his retreat seems to be caused by his increased workload as well as the personal conflict between one of the GPC's committee members and himself and his closest colleagues. This was exemplified by the statements of the GPC's President and himself, as follows:

> ...the RCDW is presently not as active in the GPC's activities as he used to be. I believe that is because he had more responsible assignment to conduct, as a CDW, in another area. Despite his retreat, he has remained as a member and supportive of the GPC...(The present President)

> ...`someone' in the committee blamed us (the second President, his wife, and himself) for corruption and said that the GPC could do well without us getting involved in the committee because we did not know much anyway. So, we decided to step aside and wait to see whether the GPC can really run that well without us...(RCDW)

It seems that the unpleasant relation cannot be avoided between RCDW and that particular committee member who has been the Head of Inspection Committee during 1991 to 1992. This is due to the fact that the latter is perceived as "unjust" when leading the committee to inspect two similar cases of missing petty cash in those two years.

The cases were proved by the Inspection Committee as mismanagement of the cash but concluded differently by the head of the committee. As a result, the treasurer of the gas service in 1991, the RCDW's wife, was found to have lost petty cash of 30,000 baht and required to pay back the money, whereas the seller of the gas service in 1992,

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[5] He is an educational supervisor working in the District Elementary Education Office and directly in charge of the supervision of all schools in the whole district, including the one in ***Ban Boa***.

the sister-in-law of the head of the Inspection Committee, was similarly found to have lost about 8,000 baht but declared not guilty by the committee.

In addition to that incident, the Head of this committee,the IP, is believed to have been quite manipulative in the GPC's committee, in which the RCDW was usually involved. This was implied by the reports of a few respondents as follows:

> ...conflicts sometimes occurred within the GPC's executive committee in which Mr. *Moon* (an IP) wanted control over Mr. *Sun* (RCDW) and Mr. *Pan* (Second President) who were also the core committee members of the GPC...(male pioneer member, early 40s).

> ...the IP is very credible opinion leader in the GPC's administrative committee. He is very good at speaking...as I have observed at the committee meetings, most members follow his ideas...(male member, 27).[6]

> ...I don't know why everyone in the administrative committee tend to agree with him (the IP) on whatever he explained in our meetings...The IP is a convincing speaker, he always has something to support his proposals and arguments...(The secretary of the GPC, 40s).

> ...From my observation of the GPC's administration, it seems that the administrative power (authority) rests solely upon one executive member who has frequently used the power in a dishonest way. I have never been satisfied with the GPC's administration....it has not changed. Nobody ever wants to get involved in the GPC's administration because it was manipulated by only one person against another...Although this manipulation has no harm to the GPC's members directly, it is not right. Sometimes that person took money from the GPC covertly when in need. As such, there is no honesty and trust among each other. Why should I get involved?...(A retired male teacher, non-member, 70s)

From the above discussion, the power relations and the nature of participation in the GPC's administration clearly reflects the crucial issues discussed under the critical

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[6] He used to work as a CD Volunteer Worker, recruited and trained by CDD to work as CD worker, in *Ban Boa* for two years. An outsider from another province, he is a resident of *Ban Boa* by being married to a woman from this community.

paradigm of development, as well as the cooperatives principles, (e.g. self-reliance, participation, democracy, and equity) as discussed in Chapter 2. The exertion of power of the IP on the committee has seriously violated participation and democratic principles and that would certainly bring about the deterioration of the GPC's development, beginning with the weakening of the credibility of its administrative committee and eventually ruining the members' trust in the GPC. This in turn sets up significant barriers for self-reliant or sustainable development of *Ban Boa*.

The Pool of Resources

Initially confined only to local sources, the GPC has presently opened up for more resources from outside. With such outside financial assistance from the provincial government, the GPC of *Ban Boa* has developed to the point where its current financial resource allows the GPC to provide relatively sufficient services to meet the needs of most members.

Locally, the pool of resource of the GPC has been generated from a number of sources. First, it was pooled through the GPC's regular savings (*sudja-sasom*). The GPC's saving record shows that, as of August 31, 1993, the savings of 439 members amounted to 549,645 baht, about 350 times its initial savings from 52 pioneer members. Second, the pool was also from the membership fee that is required of every member when s/he either applies or re-applies for membership.

A third source is the interest generated from the GPC's savings with commercial banks and the loans borrowed by its members. Fourth is the investment as Share Capital the GPC has mobilized to create services for members. The Share Capital is pooled to invest into demonstration stores and gas services. As of the end of September, 1992, the Share Capital for these two activities amounted to 167,943 baht and by July 1993, it was 210,100 baht (GPC's Share Capital Record).

All external resources attained by the GPC in order to generate needed activities are supported by the government. In 1989, the GPC accepted a long term loan of 100,000 baht, with free interest rates for 5 years, from the Provincial Rural Development
440 Fund to build the first rice mill of the GPC. But since that amount was insufficient, the GPC allocated another 40,000 baht to supplement the rice mill project.

Further, a huge financial assistance was granted in the value of 500,000 baht by the provincial government in 1990 for development projects. Two projects were undertaken with such funds which included the construction of the DS building costing 300,000 baht and the Rice Barn costing 200,000 baht. In addition, the provincial government later made another grant in the form of fertilizer valued 250,000 baht. The fertilizer was sold on credit to needed members who subsequently repaid in cash after harvesting their crops. All collected payments for the fertilizer have ever since been used as a revolving fund for this activity.

Activities and Performance

After its first two years (1981-1982) of non-activity, the GPC has carried out 6 out of 10 activities initiated to serve the needs of its members. The 6 activities presently in operation are perceived as successful by their benefactors - the GPC's members. The development of these activities will now be discussed.

1. Loan Service

The first loan service was called a Regular Loan, launched in late 1983. The initial fund available for loan was less than 10,000 baht (CDPO, 1988). Though limited in size, it was favourably welcomed by the members because they never had access to such facility. The service has always been open to all regular members in a very impartial manner. However, the honoured members cannot borrow loans. Two other types of loan

were later introduced in January, 1991. They were an Emergency Loan and a Short Term Loan for Production.

Although the intention of the GPC is to avail its members of production credit, the Regular Loan is available to be used at the borrower's disposal. It has no obligations on its usage and maximum limit, as long as the borrower can provide sufficient required credit guarantee (savings). Therefore, it can be considered a long term loan based upon the borrower's choice or the length of time it took to repay. Unlike the Regular Loan, the usage of the Emergency Loan is confined to urgent needs only. The loan can be used, for instance, to defray the hospitalization cost of family members, the education cost of children at the beginning of the school year, and any other kinds of family crisis. This loan is strictly limited to only 1,000 baht. It is of a shorter duration. It can be borrowed anytime as needs arise. The Short Term Loan for Production is meant to help the poor farmers who are in dire need of production funds at the beginning of their growing season. Similar to the Emergency Loan, this loan needs its usage be identified and is limited at 1,000 baht. Unlike the Emergency Loan, this loan can be borrowed only once a year for each member.

The interest rate and guarantee placed on these three loans are different. While the rate for the Regular Loan and the Emergency Loan are charged at 15% annually[7], the production loan is charged at 12%. As regards the guarantee, the regular loan requires financial guarantee while the emergency and production loans do not. The guarantee for the former has to be the savings of its borrower or his or her collateral members, inclusively, that covers the loan being lent. The Production Loan needs 3 co-signers, without financial guarantee. But in contrast to the two other loans, the Emergency Loan requires no guarantee whatsoever.

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[7] The interest rate for Regular Loan was 24% at the beginning of the program, but it was reduced to 15% in 1984 in order to observe the law (CDD, 191: 25).

The method of repayment of these three loans is flexible. Keeping in mind its purpose and regulations, the borrowers can choose to repay either in full or in installments. Usually, the installments are freely stipulated by the borrowers in order not to deprive themselves financially. Normally, the Emergency Loan is expected to be repaid within 4-5 months while repayment of the Short Term Loan for Production is set at the end of the harvest time. The time duration for returning the Regular Loan varies. Indeed, it depends on the amount of loan borrowed. So far, there are no serious problems with the repayment of loans.

> ...We have never faced any serious problem of repayment of the loans because our members are honest and keep their promises. Should they be short of money, they will try their best to at least pay their interest and this is a very common case. Seldom found is the case where the borrower intentionally breaks his or her promise (to repay an installments and interest at a certain deadline). Nonetheless, if it happens, the loan committee will talk it out. It is not hard for a reconciliation to be made...(GPC's Treasurer)

Performance

The loan service has been used extensively by most members, except the rich ones. In particular, Emergency Loan and Short Term Loan For Production are most attractive to members in general. In fact, the loan service is the most used activity of the GPC. Through interviews, the Emergency Loan was most frequently referred as the service that "really helps" members out of various desperate situations (e.g. education of their children or hospitalization of their family members) and the Short Term Loan was also referred to as the most useful service to most farm members who need extra money during the cultivation season. These two types of loan services, by and large, were utilized by almost every member since they do not require any credit guarantee at all.

It should be pointed out that some non-members also have access to the GPC's Loan Service. Technically, they did so via their friends or relatives who are either

committee members or regular members of the GPC and have a quota of funds available to them. For example, one non-member recalled his past experience in this regard:

> ...last year I did not have money left while cultivating my paddy rice. I went to borrow money from Mr. Hope, the President, who actually borrowed loan in his quota for me. He is related to me as nephew-in-law. I never cheated, I returned the money as promised...(male member, early 50s)

Because of the irregularity of and repaying of the Emergency and Short Term Loans, figures were not available to evaluate their success or failure. But as of the end of October, 1993, there were 89 borrowers of Regular Loan in the amount of 318,250 baht (GPC's Loan Records). Only "a few rich members tend not to borrow any loan since there is no need for them to borrow money from the GPC and then to pay interest," (The second President).

2. Demonstration Store

The operation of the DS is based on the ideas derived from the consumer cooperative initiated in Rochdale, England in 1844, whose members wanted to lower their cost of consumption (Melnyk, 1985). Like that of the Rochdale group, the main purpose of the DS is to buy goods in bulk from the market and then sell to members at lower price than that of private stores.

Presently, there are three demonstration stores (DSs) existing under the umbrella of the GPC of *Ban Boa*. All three DSs have as their primary intention to reduce the members' family expense on their consumption. Each DS has its own appointed committee which includes a manager, a treasurer, and a seller.

When setting up the first DS in *Ban Boa* in November 1984, the GPC's executive began to pool Share Capital from willing members to start up the DS. The share was limited to 100 baht, with the maximum of 10 shares per member, but the GPC's administrative committee members were privileged to hold up to 20 shares. Initially, the

DS had 114 shareholders and 7,900 baht of Share Capital. Unfortunately, the capital was found inadequate to run the DS.

The DS's committee tried different ways to increase its investment capital. First, it decided to take a loan from the GPC's savings which was returned with interest after the Share Capital was sufficient. Second, in order to further increase the operating funds, the ceiling of the Share Capital was later increased from 10 to 25 shares for a regular member and 20 to 50 for a committee member.

The other two DSs in *Ban Brick* and *Ban Kao* were set up in 1988 and 1990, respectively. They are considered as branches of the *Ban Boa*'s DS. Initially, when the members in these two other villages showed their needs to have their DSs in their communities, the GPC executive requested them to prove their seriousness by buying the Share Capital and then the budget was allocated to build stores and buy some goods to start a DS. Each DS also has its own management committee, responsible for book-keeping and the inventory of the store.

In regard to the selling arrangement of the DS, there were a few adverse developments in the method of selling merchandise in the DS of *Ban Boa* since 1984 and that caused the store to move to a new location. When the first DS started, the selling method used was the one that has been practised traditionally by DSs in general, that is, all shareholders were required to help selling the merchandise at the store, as temporary sellers. Practically, two shareholders would take turn as sellers at the store on a daily basis and they are required to check the inventory at the end of each day. This method proved impractical because the farmer's schedules fluctuate, especially during the growing season. As a result, frequent absenteeism occurred. Subsequently, the method was later changed to one by which the GPC hired a regular seller. The following excerpt reflects clearly the real situation.

> ...when we (GPC) first had the DS, we bought goods to sell in the store. All members took turn to be sellers at the store. Some were very active while

> some were not. It was very confusing. Some said the store was a financial loss while some said otherwise. But the outcome seemed to be loosing...The worst part (about the first selling method) was that, for example, if today is my turn to be a seller and I really want to go to work in my paddy field, what choice do I have? It was a very difficult situation then to make the correct decision. Sometimes, some people hired others to be their substitutes, but sometimes there were no sellers at all...(pioneer male member, 70s)[8]

It should be pointed that the newly appointed seller was the person from whom the store space was rented. This new method required the seller be paid a certain percentage of the profit and the inventory be checked on a monthly basis by its committee members. Unfortunately, the new selling method by the owner of the house lasted only two and a half months, from April to mid-June 1985, and resulted in the dramatic loss of 7,000 baht. This was due to the seller being dishonest and irresponsible for the duty. This can be exemplified by one respondent as follows:

> ...in 1985 there was a problem about the DS. I heard that many goods in the store were missing, the seller was not honest, the cash record was lost, etc...until the DS was moved to its new place...(male teacher, 50s)

This financial loss was known widely among the GPC's members and forced the executive to move the store to a new place in 1986. At the new place, with the same selling method the president became a volunteer seller. The stipend for the seller was 3% of the gross income of the DS. Later, the DS moved to its present building site in 1990 after the group won the regional contest for best performance and received the construction grant from the government (Minutes of the GPC).

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[8] He is a serious and hard working person. Presently, he has retired to practice his Buddhism as a "white-clad ascetic" at the uphill Monastery since a few years ago. However, he has convinced his family members to continue their support for and membership with the GPC.

Performance

After the selling methods were resolved, all DSs have been well received by most GPC's members.[9] They were not only satisfying the members' needs but brought them extra incomes. The stores also help members' to buy their family's necessities in a much more convenient manner.

Operated on the concept of "consumer cooperatives," all DSs of the GPC are general stores that belong to its members. Members identify their needs and then formulate a pricing policy for goods to be sold in the stores. In this regard, it should be pointed out that the members consolidated this pricing policy by voting in the 1992 general meeting (February 1993) for it to become mandatory. They voted for the DSs to sell goods at a market price, instead of at a lower price to immediately reduce their family expense, so that they would have higher return from the surplus generated by the DSs, based on their patronage, at the end of a fiscal year.

Moreover, the DSs have given members the privilege to purchase goods on credits, within the limits of their current saving accounts with the GPC. Finally, the surplus return based on the members' purchase volume and/or their investment in Share Capital has been praised as the most favourite benefit the ordinary members were guaranteed to receive.

3. Gas Service

There are two simple gas service stations serving the GPC's members. The first one was launched in 1985 in *Ban Boa* while the second one was set up in 1991 in *Ban Brick*. The site of the former is located on a small patch of private land, whereas the latter is in the plot owned by the GPC. Their budget allocated from the GPC's savings as

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[9] Those owners of private stores, as well as their closed relatives remain distance to the DSs (The second President).

their operating funds were approximately 7,838 baht and 20,000 baht, respectively. However, as of October 31st, 1992, it was reported that the funds increased to 30,000 baht and 15,000 baht, respectively. The success of the two gas services and the new demands resulted in the appraisal for the establishment of the third gas service at *Ban Koa*, but, there was no suitable land space available in the community for its establishment (Group Interview with the executive committee of *Ban Koa*).

The selling method of gas service has been a single seller receiving a fixed monthly stipend of 600 baht. However, at the GPC's executive meeting in December 4th, 1992 the monthly stipend for the seller was increased from 600 to 1,000 baht, as well as the seller's privilege of 2 litres per barrel for missing fuel, was also approved (Minutes of the GPC).

Performance

Generally, the gas service has also been very useful and, consequently, well received by its members, although the undesired problems of missing petty cash did occur at the service in *Ban Boa* in 1991 and 1992 (discussed earlier in "roles of government officials" sections). Similar to the DS, the gas service is by far the most convenient service that has been offered to the members. Because of its location within the community, it renders immediate satisfaction of most members who need gas for their motorcycles and/or production tools (e.g. engines to drive carts and water pumps and to pull ploughs).

In addition, like that in other GPC's activities, members also have the privilege of purchasing gas on credit within a certain limit. At the end of the fiscal year, members receive average profit return from the surplus generated by the service, at the rate of 12% of their patronage of the service and 20-24% of their investment in Share Capital. According to its report, the service in *Ban Boa* generated average profit of about 9,410 baht per year, between 1985 and 1989 (GPC's Records).

4. Fertilizer Service

The program began to serve members for the first time in 1987. Although it was to serve the needs of its members, non-members are also able to use the fertilizer service as well but with a difference in service. While the members of the GPC have the first priority to purchase fertilizer on credits, the non-members received fertilizer when the needs of the members are satisfied and they have to buy in cash. The fertilizer loans are normally expected to be returned by the end of the harvesting season in cash. An interest is charged at 4 baht per bag when borrowers failed to repay at the stipulated time (The GPC's Treasurer).

The operating fund of the Fertilizer Service has increased every year. When it started in 1987, the investment capital was 12,000 baht. The capital increased to 38,000 baht and 47,800 baht in 1988 and 1989, respectively. Most importantly, the operating fund for this service sharply skyrocketed toward the end of 1991 as a result of the GPC being granted the revolving fund of 250,000 baht by the provincial government.

Performance

The Fertilizer Service has always been used considerably by most farm members of the GPC. The service yielded 1,350 baht of profit in the first year of its operation, and the profit remarkably increased in the two following consecutive years, 6,000 baht and 4,801 baht in 1988 and 1989, when the operating fund was almost tripled and quadrupled. According to the GPC's record of Fertilizer Service in 1992, there were 96 members who used loaned fertilizer from the GPC at an average of 3-4 bags each.

660 Similar to the case of Loan Service, despite the privilege given to the GPC's members to buy fertilizer on credit, some non-members can also get a quantity of fertilizer on credit through their friends or relatives who are members of the GPC. This is revealed by one non-member, who has used this service via his relative, when he said:

> ...I know the GPC has some services that are very useful for us as farmers. Most people in this village are members of the GPC, but I am not yet a

> members...However, I can use its service as well. Like last year, I borrowed a few bags of fertilizer on credit...In fact, I used the credits of my brother-in-law who is the President of the GPC...I know that some other non-members have also done the same as I do. They use services via their relatives who are either the GPC's committee members or regular members...(a male non-member & private store owner, in his late 30s)

5. Rice Mill Service

Currently, the GPC has two rice mills in operation. Both mills are powered by electricity. The first rice mill was a medium-sized one, built in 1989 with the initial investment of 100,000 baht, of which the soft loan from the Provincial Rural Development Fund accounted for 60 per cent, while the other 40 per cent was from the regular savings of the GPC. The second was a small-sized mill, built in *Ban Brick* in 1992 with all funds of about 300,000 baht being allocated from the GPC's savings.

There is difference in the sites of these two mills. Due to the scarcity of land in *Ban Boa*, very much the same as that in *Ban Kao*, the rice mill of *Ban Boa* has to be built on an open plot rented from a private owner, who subsequently was hired to take care of the mill. As different from the case of *Ban Boa*'s rice mill, the one in *Ban Brick* was built on the land that was bought by the GPC and located in the same area of the DS.

There has been a small change in this service. Initially, the *Ban Boa*'s mill keeper was hired at 500 baht a month, but the salary increased to 750 baht by the end of 1992. The keeper also has an extra income by selling milled rice at 5 baht per one sac (100 kg.) whenever there is a request. For the *Ban Boa*'s mill, the first keeper resigned from the position in 1992 and was replaced by the current one. The rules and regulations for the rice mill apply to both mills.

Performance

The rice mills of the GPC, both in *Ban Boa* and *Ban Brick*, emerged from the "felt-needs" of the members. As a result, the mills have been used by the members on a

regular basis. Most importantly, the mills serve the members free of charge, but the broken rice and rice bran are kept by the miller. As a consequence, all other private rice mill owners in the community have to end their previously "exorbitant charge" for their services.

Furthermore, it should be noted that the GPC's rice mill in *Ban Boa* has created a competitive condition whereby private mill owners try to offer better and more convenient service for villagers in order to gain more business for survival. This is done by providing "delivery service" that is, picking up paddy from the customers' barns to be milled and returning the rice to the customers. Subsequently, many GPC's members apparently prefer the private "delivery service" to that of the GPC's mill due to convenience. This service offered by private millers has significantly reduced the amount of paddy the *Ban Boa*'s used to process.

As for the profit made by the rice mills, it was reported that the first mill in *Ban Boa* made a profit of 20,110 baht in 1989 from selling broken rice and rice bran (GPC's Records). In addition, the mills are also supportive of the GPC's "Buying and Selling" policy (i.e. milling paddy of members and selling the rice grain at the stores or to the customers).

6. Buying and Selling Agricultural Products

The GPC has allocated funds to buy agricultural products from both its member farmers and local farmers since 1988. The purpose is to facilitate them to obtain the best price during a certain period. At times, the price was very low when there was too much supply. This often happens during and shortly after the harvesting season. In selling their products, the farmers have choices of selling to the "middlemen," as freelance buyers, or to the GPC.

However, the GPC would offer to buy at a better price should the price be unsatisfactory from the middle-man and also when the farmers do not want to wait

longer. After purchasing, the GPC would then either sell the products when the price increased, or process them to be sold as finished products which yield more profits. In general, cassava and jute products were sold unprocessed to private buyers at peak-price, whereas rice can be sold with husk at the preferred price to private buyers or milled and then sold at the DS or to the customers who placed orders.

In its first year, 1988, the buying and selling activity was funded with 6,000 baht of revolving fund by the GPC. Mostly, the fund was used to buy rice products from local farmers. However, in 1990, the revolving fund for this activity was increased to 100,000 baht and jute products were also included in the transactions.

Performance

Throughout 1988, the GPC had bought 34,559 kilograms of rice and made merely 1,000 baht profit. In 1990 when its revolving fund was increased to 100,000 baht, it bought 31,305 kg. of rice and 68,295 kg. of jute products and, consequently, made a net profit of 7,700 baht. In 1993, this activity was very slow because the committee members were not very keen on their task (The GPC's Treasurer).

Unfinished Projects

There are four other GPC's projects that were introduced but have become either unproductive, unused or unfinished. The first was the project of selling compressed bricks for construction. With an approval of the project in the 1991 annual meeting, the GPC executive committee bought the compressed brick moulder for approximately 10,000 baht. Unfortunately, when the moulder was put into use, the quality of bricks made were not as good as expected because of the lack of quality of the standard mixing compound. As a result, the bricks were not sold and the moulder became unused. Nonetheless, the committee managed to have some income from renting it to some members in *Ban Koa*.

The second project was to purchase a big tractor for the GPC. The project was first proposed in the 1991 general meeting (February, 1992) and at that time the cost was estimated to be about 400,000 - 500,000 baht. The rationale for the project was that the GPC's tractor would service the members (i.e. ploughing farmlands) at a reasonable low rate, and altogether the community would save a lot of money that usually went to private operators.

The project was not approved by the majority until the 1992 meeting (February, 1993). At the 1991 meeting the members considered the plan as not cost-effective and they also foresaw potential problems in tending to the tractor as a property which is mutually owned by the members. But, according to the Treasurer, the plan was proposed again for the second time in the following general meeting and approved by the members. Nevertheless, this project has not materialized since an available tractor that met the desired specifications happened to cost more than the approved budget.

The third was the Auto Parts Shop project. It has been aborted for many months. At the last annual meeting (February, 1993), the GPC's executive proposed a value of 20,000 baht to the project to buy auto parts that were normally needed and set up a repair shop to service the members in the community. It was approved by the majority. This project was to be in charge of the IP who actually initiated it. As recounted by three executive members, the IP already received the money from the GPC and purchased some auto parts and stored them at his house (where he also opens a small repair garage) since March, 1993. But there has been no services made available, nor has the person in charge heen held accountable for the project's failure.

From the observation of the committee meeting held on July 4, 1993, all seven members[10] who attended the meeting seemed very upset about the IP's not returning the

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[10] Those in the meeting included the President, Treasurer, Head of Loan Committee, Head of Inspection Committee, and other three committee members.

money. They were worried that such behaviour would set an "undesired" example for regular members to follow. Moreover, such conduct also could discredit the GPC as a whole. For about half an hour, they kept asking each other the questions of "why he did this?, why he did not return the money?," without any concrete answer. Upon my request, the DS's seller told me that the meeting was about the IP's affair. When asked how the problem discussed in the meeting has been approached, the responses from two executive members revealed the following.

> ...Well, it is not really a problem. One of the Loan Committee members already went to talk with him (the IP). He said that he would take responsibility for the allocated 20,000 baht for the project. Eventually, he would return the money...(The President)

> ...We (the Executive Committee) have discussed this problem...Actually one of us has already talked to him and he said he would be responsible for that money...We are all relatives in this community. Why do we need to create conflict among relatives... We talked to him already, he needs some time...(The Treasurer)

In this regard, it seemed that the executive members had avoided confrontation with the IP who was actually the most influential opinion leader in the GPC's administration. Moreover, from the interview with the present President, there has been no accountability mechanism established for this problem by the GPC's administration, and this is different from what the executive body had generally practiced. This incident may be explained by the fact that the IP was not only an influential opinion leader but also a "real" power holder in the community. It would seem that nobody ever wanted to challenge this power. This will be discussed in Chapter 7 under the section of Internal Exploitation.

The fourth unfinished project was the Rice Bank activity. The GPC's Rice Bank program, one of the activities that was recommended to the GPC by a CDW in accordance with the CDD's policy, has not been functional. It has remained only on

paper since it was initiated even before the barn was built in 1991. Initially, the appointed committee campaigned for benefactors of rice for the Rice Bank program. Since there was no barn at the beginning, all donation were not actually made only the benefactors' names and their promised donation of rice were recorded.

It was agreed that, when needs arose from any poor farmers in the community who experienced calamity and hence were in need of rice for their families' survival, rice would be collected from the benefactors and then lent to the former for the amount needed. Later, possibly in the following year, the borrowed rice and interest in kind, at an agreed rate, would be returned to the barn when the recipients of rice had enough rice. According to the second President, although the program was still in effect, there was never any felt need for the rice. Hence this program remained non-active. Nonetheless, the list is still well kept and intact. Regarding this activity, he has this to say:

> ...earlier, we did not have the barn. So we could not actually collect the donated rice. The committee only enlisted all the benefactors and the amount of rice they would donate i.e. 10, 20, and 30 kilograms. I offered to donate too. The list is still well kept and intact. If need arises, all donated rice can be collected right away. (The second President)

Problems and Solutions

Despite its survival through a decade of its existence, the GPC of *Ban Boa* has actually encountered many problems and undergone many changes. As stated before, most changes have gone in a positive direction. As perceived by the committee members of the GPC, most problems had rather slowed down and therefore did not endanger the GPC's development. Only a few were considered strikingly critical for the existence of the GPC. Nonetheless, some were eliminated while a few still remain today.

General problems

The early development of the GPC was slow due to a number of reasons. First, according to the past CD supervisor, the poverty of villagers in *Ban Boa* was held accountable for such sluggish development. Being very poor, people in general were restrained from joining or propelled to resign from the GPC. Most interviewed non-members revealed that the reason for not becoming a member was their fear of not being able to accumulate enough money to deposit regularly at a promised monthly amount (*sudja-sasom*). For example, the following non-members explained their reasons for not being active in the GPC.

> ...I have never been a member of the GPC because of financial problem. I am afraid that I am not able to save every month as promised...My children go to school, they use a lot of money...The GPC is good. When our family's finance becomes better, we'll join...(female non-member, mid-40s)

> ...my family has many needs for money and my children go to school. That is why we are not ready economically...(male non-member, 40s)

> ...I have just married and separated from my parents' family to be on my own. I have to build our new house. As a result, I cannot afford the monthly deposit...(female non-member, late 20s)

It is worth-noting that even this low requirement - 10 baht of monthly savings - sometimes appears to be a practical problem for a number of poor families. Normally, the poor are able to survive simply in the community near the forest from where they can collect food (i.e. vegetable and some meat). But, cash-wise, they hardly earn enough to save, especially during summer months.

There were also the cases where villagers withdrew from the GPC in order to use their money when their family needs arose. This was especially during the first two years

when the restriction[11] on withdrawing money from a member's account was still intact and there was no loan service in existence. This is reflected clearly in the followings accounts reported by a few interviewees.

> ...I used to be a member for two years. I had to resign due to our family's financial emergency...I had no choice...I was shameful for not being able to save monthly...(female non-member, in her late 40s)

> ...Most of those who withdrew themselves from the GPC did so because they needed money for their families' needs, especially when seeing a lump sum money they had saved. However, many of them returned to be members again when they had enough money to save...(male committee member in *Ban Kao*, in his early 40s)

In addition, some members of the GPC had to withdraw their membership due to other reasons caused by poverty. This is clear from the following statement:

> ...A lot of people had to resign from the GPC because they simply became unqualified. Some could not afford to save as promised every month because they could not collect enough money. Many poor villagers had to go to work in big cities for a few consecutive months, hence, not being able to save as required. In both cases, they had to resign from the GPC...(Male committee member in *Ban Brick*, in his early 50s)

Second, the inexperience of the people about the GPC had also impeded the GPC's development in its early stage. Given the fact that the GPC is an innovation for the people in these villages - the non-members, the ordinary members and the committee of the GPC - did not have much knowledge of it.

At the early stage of the GPC, many people in *Ban Boa* were late to join because they lacked understanding about the GPC and its activities. For villagers in nearby villages, it was not only their lack of understanding, but also their past experience about

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[11] To be discussed later in the "critical problems" sections.

GPCs in their villagers had constituted their lingering decisions to join the GPC. The excerpts from some respondents can clearly illustrate this speculation.

> ...At the beginning, I didn't get involved with them (his neighbours) because I did not know what it was. After a few years, I saw some people, who were the same as I was (economy and education) could do it and even got better incomes. So, I thought I should be able to make it too. Then, I decided to join the GPC...(Male member in *Ban Boa*, in his late 40s)

> ...I knew that there has been a GPC in *Ban Boa* for quite a long time. Early on, people in this village, including myself, were afraid that the GPC (of *Ban Boa*) would fail like the one in our community did in 1981. Many villagers are now still afraid of the failure. Moreover, I myself did not know, at that time, what a GPC was and what it had to offer, until a CDW (the RCDW) came to explain to us at a meeting...I have just decided to become a member in 1990...(Female committee member in *Ban Kao*, in her early 30s)

> ...We used to have a GPC in this village. It failed because, then, the leader (VH), who was the president of the GPC, did not understand anything. He did not even know how to calculate the interest of our savings...When asked to join the GPC, most villagers, following each other, became members and saved money...But later, everyone withdrew all their savings and left the GPC to collapse...(Male committee member in *Ban Brick*, in his early 50s)

With regard to the committee members of the GPC, not only their lack of knowledge of but also their inexperience about GPC seemed to be problematic for them. The responsibilities and duties required to operate the GPC were their new routines which demanded certain skills and knowledge. As a result, they were unable to contribute much to the development of the GPC. As noted by the current President:

> ...The sluggish development of the GPC was due to our lack of knowledge about the GPC and low education...At the beginning, nobody knew about the GPC and neither did I... It was extremely boring with our unsystematic work, i.e. bookkeeping, checking the DS's inventory every day, missing items, and alternate selling volunteer. Fortunately, we had a trainer - the RCDW - to help. Sometimes we practiced 2 or 3 days training on accounting (bookkeeping) until we were able to do relatively moderate jobs. Although not all correct, but it worked and we understood it...(The Secretary)

These problems gradually subsided over the long period of time. For poor members, their monthly saving with the GPC had become more consistent after they learned about the GPC and began to develop their "*saving habit*." Essentially, the loan service launched in early 1984 had protected most of them from withdrawing their own accumulated savings from the GPC. Similarly, the committee members had also acquainted themselves, gradually, with the new responsibilities and routines. As regards the non-members, many of them gained more confidence after observing their neighbours, who are as poor as themselves and members of the GPC, were being better off than themselves. Subsequently, many of them later decided to join the GPC.

Past Serious Problems

There were two events by which the existence of the GPC were seriously agitated by the massive withdrawal from membership. First, the withdrawal occurred in 1983 when some members wanted to use their money but could not withdraw their savings from the GPC, as mentioned earlier. According to the previous regulation, once the money was deposited with the GPC, the owners could not withdraw except upon resignation. This situation had caused dissatisfaction among some members. In addition, one teacher - an administrative committee member - disagreed with the majority of the committee members about the regulation. Consequently, he resigned from the GPC and later spread his negative comments about the GPC. This incident resulted in more members following suit.

To solve such problem immediately, according to one of the members of the GPC's committee, the executive implored a committee meeting to change the particular regulation to allow members to withdraw their savings at their disposal or even to close their accounts on the service day of the month. It was also approved that should the non-members want to rejoin the GPC, then they had to repay a membership fee of 15 baht. As a result, most resigned members later understood and reapplied for membership.

Second and most severely, the massive withdrawal happened shortly after the financial loss of the DS in two consecutive months of 1986. The root of this problem lies in the inexperience of the members about the DS. When the DS begun in 1984, all shareholders were required to take turn to sell goods at the store, two temporary sellers a day. After six months, this selling method finally proved ineffective because most member sellers did not have skills in bookkeeping. Most often, they forgot to record what were being purchased and by whom (recorded by the membership number). In addition, "some went not only to sell goods at the store but also to take some items back home for their own use," (The past President).

Later the fixed individual selling was chosen. Initially, the owner of the house, under which the DS was located, was hired to sell at the store. Given the fact that the GPC and the DS are innovations virtually foreign to the people, the seller had dramatically failed in the assigned duty. Many merchandise were lost, as well as the cash from selling, during his/her duty. After two months of trial with this new selling method, the loss was estimated, according to the present president, to be 6,000-7,000 baht. (mentioned earlier)

The loss had stirred up the members' resentment and strikingly resulted in a large number of members withdrawing from the GPC. As it was recounted:

> ...most out-going members were very angry at the seller (who had failed) while some were convinced by non-members that the GPC was absolutely collapsing...Regretfully, the number of GPC's members abruptly dropped from 180 to 80 within a month...(The past President)

In response to the crisis, a few remarkable attempts were made without delay. Firstly, the then President of the GPC immediately called a general meeting of the remaining members, pleading with them to stay on. Secondly, the executive decided to move the DS to another place of operation and continue to have a fixed individual seller.

Thirdly, after it went well for six months, the profits were returned proportionally to the shareholders, as well as the members in general.

The GPC's leaders at that time played a very crucial role in the solution to the loss crisis. They showed the remaining members of their strong will to develop the GPC. In the interview with them, they proudly recounted:

> ...Once learned that many members were convinced by non-members' saying that the GPC was collapsing after the first dramatic loss, my mind became very strong. Some members who lost their trust with the GPC resigned. The membership sharply decreased from 180 to 80. I then called the general meeting and asked the rest to stay. I said, `let's try again, and I will be a seller. If I sell and lead to the loss again, I will resign forever from the GPC. I promise that if loss occurs after 3 months of my selling in the DS, I will sell my land to repay your investment. So please stay together.' I risked myself to keep the GPC going...(The second President)

> ...When we moved the DS to its new place under Mr. Pan's house, there were only committee members coming to offer labour help. We had to saw wood planks at the outskirts of the village by ourselves and carry them back under the rain to build a new store...We thought that if we stuck together, we could survive...(The Head of Promotion Committee)

The DS was moved to a new location under the house of the President, who volunteered to be a seller. Although the GPC's executive members were very discouraged by the situation, their unity was very strong. As related by one of the long-time committee members, "a few number of executive members hung together to build the new store, working dawn to dark and sometimes in the rain, and to move the goods to the store by themselves." The president offered his space free of charge and decided that his stipend be decided by the executive majority.

At the new store, a new system came into existence. The responsible committee members started to inspect cash income every day, but the inventory was done every two or three months. After the system was successful, the DS increasingly made more profits. The members then decided to inspect every six months and have the profits returned to

members at the rate of 12% on a half year basis. The six month, instead of a year, return of profits was, in fact, an effective strategy to revitalize the GPC's membership.

Current Problems

There seems to be at least three major problems currently facing the GPC. One is that there is a tendency of the GPC being unable to satisfy the increasing needs of its members. Second, there is a lack of new volunteers who are willing to work in the GPC's administrative capacity. Third, the GPC's sustainability seems to be vulnerable. These three problems can be discussed as follow.

1) Inability to satisfy the increasing needs of members

Although the GPC was acclaimed by government officials, most of its members and administrative committee have faced difficulty in responding to the members' needs during the past and present year. This unfortunate phenomenon can be explained by three main reasons. Firstly, there are simply so much demand from members that they cannot be met by the GPC. For instance, from my observation in the service day of July 4th, about 10 loan applications were put off to the next month due to the inadequacy of the funds.

Secondly, a great deal of loan lent to the members was not returned at the promised time. Due to droughts in the last few years, the members' farming activities were not satisfactorily productive. As such, their borrowed credits disappeared. Consequently, the members were merely able to pay their interest. In addition, there is a high tendency for those borrowers to withdraw their savings for family needs. These directly resulted in the lower reserved funds the GPC could make available for other members.

Thirdly, the GPC has expanded its activities to service members in the past few years. A lot of money was therefore invested into a number of these new activities

without any returns. For instance, in 1989, the GPC allocated fund of 40,000 baht to build the first rice mill in *Ban Boa*. With "approval" from a general meeting, in which members appeared not to fully participate in the decision making process,[12] the executive purchased the compressed brick moulder for about 10,000 baht in 1992. In March, 1993, the 28,000 baht fund was allocated to build the second rice mill in *Ban Brick*. Moreover, the unsuccessful Auto Parts Shop Project cost the GPC for 20,000 baht and so did the maintenance of the rice mills and the gas service stations (The GPC's Treasurer).

In the connection with the GPC's response to needs of the members, there seems to be a problem of inequality in an access to the GPC's available resource. Principally, although every member has an equal access to the available credits on a "first-come-first-serve" basis, not every member has an actual equal access. Consequently, his or her financial needs are not equitably met by the GPC. This problem is virtually attributed to two practical conditions, namely; the non-members' use of their personal relations with ordinary members or committee members of the GPC to utilize the GPC's fund and the lending regulations.

In practice, the data showed that at least two non-members proudly confirmed that they also had utilized the GPC's available financial resource via their friends or relatives who were able to borrow money and buy fertilizer for them. Therefore, when this kind of "personal relationship" is used more often, the GPC's available resource for other members become less accessible to meet the members who are really in need. This non-member's privilege has virtually limited the access of some members to the GPC's resources.

Secondly, as regards the GPC's lending regulation, there is an increasing number of members, most of whom are poor, who cannot borrow loan from the GPC. This

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[12] The issue of member participation is further elaborated in Chapter 6.

happens when a member cannot find guarantors to guarantee their loan because most of their fellow members were already taken as guarantors of earlier borrowers. Moreover, although the lending regulations allow for a borrowing member to use their savings to guarantee their loan, most of poor members do not have sufficient savings to do so. This implies that according to the GPC's lending regulations and current situations, the late borrowers seem to have less opportunity to make loans than that of the earlier borrowers.

2) Lack of new volunteers

Regarding the lack of new volunteers to work for the GPC, most of the interviewed committee members attributed it to the existing low stipend given to the committee members. In the interview, for example, the President states that the most serious problem of the GPC nowadays is the very low stipend for the members of the committee. There occurs a sharp comparison between the stipend and the returned benefit gained by members who are shareholders. As such, it is hard to find new persons interested in becoming committee members. "It is certain that the younger generations will not come to work for the GPC because the stipend is very low," (The President).

Although the stipend was technically compensated by the provision of the committee's privilege in Share Capital investment in DSs, there are still not enough community members willing to work for the GPC. As the present and past presidents comment, respectively:

> ..We used to have a female committee member with a vocational certificate. But she already went to work in Bangkok (for better pay) because our stipend here is very low. It is not worth for her...It is so hard working while the stipend is very low. Frankly, it is not worth working at all. As we have served the GPC ever since, it takes "strong will" to keep the committee running (to work)...(The present President)

> ...Through my experience of serving in the committee, I have found that it is very hard to find persons with *true willingness* to be responsible and work

> for the GPC. The reason is that, money-wise, it is not worthy working with the GPC unless they truly volunteer themselves...While the stipend is very low, sometimes, some committee members work days and nights at year ends, without much knowledge; some have conflicts with their wife for the former spent most time at the GPC...(The past president).

One of the reasons for such low stipend is provided by the President. According to him, it was due to a large number of committee members, presently over 30. This means that the stipend is divided into small portions for individual members. This problem is partially accounted for by the recommendation made by the CDD which suggests that each administrative subcommittee has at least 5 members (CDD, 1991), and that would make at least 20 members in the four main sub-committees alone, exclusive of those of individual activities.

3) Sustainability

The sustainability of the GPC of *Ban Boa* seems to be very vulnerable. Basically, the progress of the GPC is based on the participation of its members, through which all local resources and potentials are mobilized, and the capacity of its administrative committee. As a result of the two current problems mentioned above, the GPC's membership could eventually reduce if current members and villagers in general learn that the GPC is short of resources to satisfy their needs and problems. They may be hesitant to participate in the GPC's activities any longer, and that would aggravate the existing problem of insufficient resource. Secondly, decreasing numbers of volunteers to work in administrative capacity and new members would certainly weaken the GPC's potentials to sustain its development.

Summary

The GPC of *Ban Boa* has a long history in comparison to other GPCs in rural Thailand. It has progressed gradually over 12 years, from its membership of 52 in

October 1981, to 439 in August 1993. Except during its first non-active two years (1981-1982), the GPC has initiated in total ten activities, four of which have remained unfinished. The six implemented activities have utilized the pool of financial resource that the GPC has mobilized largely from local people in *Ban Boa* and nearby communities. Nonetheless, the external financial assistance from government, in terms of development budget and loans, were also significant to the GPC's development, especially in creating its necessary structures and main services (e.g., the DS building in *Ban Boa*, the Rice Mill, and revolving fund of Fertilizer Program).

Presently, both members and the committees of the GPC said that the performance of all implemented activities has been at a satisfactory level and that most member needs are satisfied. However, this satisfactory performance has not been achieved without problems in some areas, such as the DS and Gas Station Service activities. Although the past problems were already dealt with by its administrators, there still seems to be undesired consequences (i.e., social factions and personal conflicts). There are also a few "potential" problems, particularly in the sphere of leadership, with which the administration has to deal with in the future. The problems that are currently facing the GPC seem to have placed the GPC's administrators in a dead end while they still feel that the GPC is relatively stable. It also seems that the intensity of the problems is increasing.

Albeit, most people involved in the GPC of *Ban Boa* have felt that it has been a successful development activity, it needs to be examined, in terms of a rural development program, whether it actually has done so from the perspective of equitable and sustainable rural development. The next chapter will therefore present the discussion and analysis of the development and performance of the GPC of *Ban Boa*.

CHAPTER 6

ANALYSIS AND DISCUSSION

Introduction

During the early 1970s, the Group for Production Credit was initiated by Community Development Department (CDD) as one of its community development activities to deal with the poverty problem in rural areas of Thailand. It is based primarily on the idea of making production credit available to the poor farmers, so that they can increase production and productivity and, secondly, based on the idea of self-help, people can have their own services and facilities that help them to cut down their family expense and simultaneously increase their income. Consequently, the poor farmers can become more able to improve their standards of living.

Nevertheless, CDD has stated clearly that the focus of the GPC activity, at least at the policy level, is on the development of human quality in various aspects, rather than generating economic growth. By enhancing rural people's potentials and capabilities, CDD also has hoped to accomplish the development stage whereby rural people can work together to solve their own problems and meet their needs. Thus rural villages can become more self-reliant. While these official goals and objective of the GPC may reflect a focus on enhancing the capacity of the rural poor to meet their basic needs, it is important not to assume that the GPC therefore is consistent in whole or in part with the critical paradigm of rural development. This chapter will provide a systematic analysis of the data gathered in chapter 5 in terms of various issues, principles and themes raised by advocates of critical perspectives on rural development, including the work of cooperatives. As synthesized in chapter 2, six themes have emerged in the literature which will provide helpful evaluative criteria for interpreting the GPC's experience, namely people's participation, enhancement of human potentials and capabilities,

provision of basic needs, self-help development, empowerment of people, and elimination of exploitation.

People's Participation

A call for more active roles of rural people in TWCs - their majority - in development process suggests the call for people's participation in development process. People are thought to have more opportunities to get involved in the process and control over development directions, not only "to correct an error of past development approaches" but also to ensure that development benefits reach the expected beneficiaries (Pichayasathit, 1993: 41; Bhasin, 1992). In this context, rural people are encouraged to participate "(a) in the decision-making process for determination of societal goals and the allocation of resources to achieve them and (b) in the voluntary execution of resulting programmes and projects" (United Nations, 1975: 40).

It means that rural people are empowered by project structures and relationships to participate equitably in: 1) need or problem identifying, 2) project planning, and 3) project implementation, including the vital activity of evaluation whereby their voices, needs and concerns are not marginalized or coopted by those in official or privatized positions of authority. Thus, to evaluate the effects of the GPC on the poor villagers of *Ban Boa* community, the discussion will focus on who have been involved in three stages of the development process of the GPC as well as the nature of such participation.

Similar to the "paternalistic" approach that most Thai government officials have adopted in working with people in the development process (Pichayasathit, 1993), leaders of the GPC of *Ban Boa* usually have not sought for more involvement of ordinary members in their planning, decision-making, and implementing processes. This was more evident especially during the formation phase of the GPC's development, during which most development activities were introduced by CD officials according to the CDD's policy. Only the executive committee members were sought for opinions,

agreement, and support for the activities (i.e., Saving Program, Loan Service, and DSs) in those three processes.

However, when the committee became more experienced and competent later, such activities as gas and rice milling services were largely initiated, planned, and carried out by the executive committee, but still without significant participation of ordinary members. It was not until 1988 that the ordinary members began to have their "say" partly in the decision making process at the GPC's annual meetings. However, their participation was rather insignificant in terms of exercising their power over the direction of development.

Among the three stages of participation, as mentioned earlier, member participation in the planning process seems to have been missing throughout the GPC's history since the planning of all the GPC's development projects were done exclusively by the executive committee, sometimes with consultation from a CDW. This planning approach hence reinforces the general attitude of rural Thai people as being primarily "receivers" of development benefits (Hirsch, 1989; Turton, 1987). Furthermore, although the participation in both decision-making and implementation of the projects was evident, it was rather superficial. The following sections therefore turn to discuss the participation in these two stages.

The GPC's tradition of member participation in making decisions on new development projects began in the 1988 general meeting. Prior to the general meeting of every year, the GPC's executive would develop the meeting agenda and prepare the necessary works to present at the meeting. Their works include the reports on all individual activities, the members' benefit accrued from the GPC's surplus and the proposals of development projects planned to be done in the following year. At the meetings, seating on the panel are representatives of each subcommittees that are responsible for different activities (e.g., Loan Service, DSs, Rice Milling Service and Gas Service). Each would take turn to report the progress of their respective works during

the past year to the audience. The Treasurer would then present the overall financial situation of the GPC, usually at the end of the report series. Each presentation was normally followed by a question period.

Following such procedures, a representative of the executive board would propose the "prepared" projects to the members for discussion and approval. According to the GPC's Secretary, the opinion leader - the IP - was usually a representative to explain the proposals because he was the most fluent and powerful speaker among the executive members. Although each project was subject to open discussion, the level of member participation in the discussion was relatively low since the members were more inclined to accept those projects that were being proposed.

Nonetheless, it must be noted that there were two incidents of ordinary members exercising their control over the GPC's activities at the general meetings. First, the members rejected the plan proposed in the 1991 general meeting (February 1992) to purchase a big tractor to service members. The rejection was due to the members' concern about the cost-effectiveness, the maintenance and the care for the tractor. But later in the 1992 meeting, they became convinced by the executive and approved the proposal. Second, most members voted on the price policy of the DS activity. They agreed to buy the goods at DSs at relatively higher price, so that the DSs would subsequently yield more benefit to be distributed to them at the end of each fiscal year.

Usually, the last event which took place after a series of presentation by the executive at a general meeting was the distribution of the returned surplus to the members, unless there was an election of the administrative committee, which was held every two years. Simultaneously taking place while the surplus was being distributed was the free meal provided by the GPC. Most interviewed committee members, as well as ordinary members, agreed that the last event in the meeting was designed intentionally to enchant the attending members with "economic incentives," so that they would stay

throughout the meeting. In fact, the "surplus distribution" event seemed to be effective in doing so.

In summary, what was happening both prior to and during the annual meetings of the GPC of *Ban Boa* has not yet allowed for "authentic participation" of ordinary members in the planning and decision-making processes. That is, they have played rather "passive roles" in the GPC's operation with little or no say in or control over whatsoever the executive was proposing for approval. Mostly, the proposals were approved unanimously. While on rare occasions some questions were raised by a few interested members, they invariably followed the majority when it comes to voting on the proposal projects.

The practice of "democratic control" in the operation of the GPC of *Ban Boa* is very much in tune with what Trevena (1983) called "theatrical democracy," rather than "generative democracy." This practice of theatrical democracy in the GPC is similar to the style practised by most local Canadian cooperatives, as discovered by The Cooperative Future Directions Project at the beginning of the 1980s. In this particular style, the executives of most cooperatives believe that by holding cooperatives' annual meetings, in which the majority of members have attended, they have fulfilled the democratic control requirement of the cooperative principle (Ibid.: 9-10).

As for the members' participation in an implementation process of the GPC in *Ban Boa*, the ordinary members took part in those activities generally as customers or users. In that context, the members helped to implement the activities by observing rules and regulations in order to keep the GPC and its activities operating in accordance with the objectives. Since the operation of a GPC is fundamentally based on the "cooperative" concept that highlights the idea of "collectivism," as opposed to "individualism," the collective actions then becomes very essential to its growth.

In a cooperative, "collectivism" must be ultimately advocated. Every individual member is required to act collectively and similarly in every possible way to keep their actions united and thus powerful in helping themselves meet their needs or guard against any form of exploitation. They must have faith in their collective and united efforts in co-operation to become successful. On the contrary, "individualism" in any cooperative must be discouraged for it will gradually corrode the foundation and the potentials of the enterprise leaving it vulnerable to disintegration.

The data of this study reveal some incidents of individualistic behaviour of a few GPC's members, as discussed in Chapter 5. Regarding the Loan and Fertilizer Services, there were non-members, who because of being either relatives or close friends of some GPC's members were having the same privileges as benefited members in using services of the GPC. As a result, there was a possibility for those non-members to believe that it was not necessary for them to become members of the GPC to have access to the services of the GPC. This actually implies the manipulation and exploitation by non-members of the ordinary members since they used the services without investing any of their resources to the resource pool of the GPC.

Another incident of individualistic behaviour of some members was apparent in the rice milling business. As discussed before, when private rice millers lost some business to the rice mills of the GPC, they began to offer a "free delivery service" in addition to their equal charge to that of the GPC's mills. As it turned out, there was a tendency of individual members of the GPC to accept and use this private service. Although the service benefited all members and non-members alike, this deviant acceptance of the new private services has actually affected the GPC's rice milling service. It resulted in a lower volume of rice paddy to be milled and thus lower benefits to accrue from the sale of broken rice and rice bran (ground husks).

Although the incidents of individualistic behaviour of the same or different nature may exist in other activities of the GPC (e.g., gas service or DSs), this practice among

the members has not yet posed severe effects on the overall growth of the GPC. This may be attributed to the fact that the incidents have not been widely known among people, and consequently, not many people - both members and non-members - were involved in such practices. However, this individualistic practice may jeopardize the development of the GPC in the long term if it continues and becomes widespread. When the benefits received by the non-members become noticeable, there will be a tendency for others to follow. People do learn from experience of themselves and their neighbours. If this situation prolongs to the future, the GPC's vitality and credibility will be ruined.

In short, people who have participated in the GPC are only those who decided to join the GPC, either as ordinary members or executive members. While the people in administrative capacities appeared to be in more control over the GPC's business, the ordinary members have played less active roles in the process of GPC's development. Only two incidents of member control took place in the 1991 and 1992 general meetings. Although the "opportunity to participate" was available, the members seemed to have lacked an understanding of the idea of "cooperative" and of their right and responsibility for the GPC, all of which would make the members more obligated to and involved in the "well-being" of the GPC. Equally important was the missing "channels or mechanism" of communication flow through which members could exercise their control over, or express their needs and concerns to the management of the GPC, and *vice versa*. As a consequence, the type of member participation cannot become a means for the GPC members to control their own interest in the operation of the GPC. This contrasts to the "genuine member participation" of cooperative that as maintained by Craig (1984) and Fairbairn (1989), will subsequently ensure the members' authentic democratic control over the cooperative operation, one of the six cooperative principles.

Enhancement of Potentials and Capabilities Through active participation in development processes, involved people will have opportunities to learn and gradually

gain their knowledge and develop skills needed for development (Vivian, 1991; Ghai, 1988). In practice this learning occurs when they actively participate in any capacities in which they have to be responsible for required tasks or duties, such as planning, decision-making, supervising, corresponding, bookkeeping, and the like, to carry out development activities. As a result, their knowledge of their work is increased and skills improved. The more they take part actively in responsibilities or required jobs of the activities, the more knowledge, skills, and experience they gain, and the more competent they become.

Because the GPC is an activity that provides basic needs to its members and there is a low level of members participation, as discussed in the previous sections, the enhancement of potentials and capabilities of involved villagers seems to be limited virtually to that of the executive committees. While committee members have chances to develop their potentials and capabilities in many respects, (e.g., decision-making, planning, bookkeeping, and accounting), ordinary members usually gained only a little knowledge and experiences about the GPC and its activities.

Furthermore, although it appeared that the members of the administrative body seemed to have gained more knowledge and skills from working with the GPC than ordinary members only the "core" leaders of the GPC, most of whom have continuously served in the administrative capacities since 1981, have had opportunity to do so. Through their working for the GPC, they became more knowledgeable, skilled, and experienced in the their responsibilities. Besides, as mentioned earlier in chapter 5, only a few executive committees (i.e., the president, treasurer, and secretary) have chances to participate in the training sessions, seminars, or workshops that were occasionally
1320 arranged by the CD offices at different levels.

In addition to the opportunities offered by the CD offices, most of these "core" leaders have had more opportunities to continue to learn when they were reelected several times to the GPC's administrative positions. This phenomenon continues to occur

despite the fact that the GPC's leaders were not to be in power for more than 3-5 years (CDD, 1991: 33) and that they should step down if ordinary members were to accept and volunteer to serve in administrative capacities.

Since the members of the GPC in general were so much dependent upon their leadership, they have missed vital opportunities to learn and develop their potentials. This leader-dependence is in part the legacy of the past development whose "paternalistic" approach had patronized rural people for a number of years (Hirsch, 1989; Turton, 1987), as well as the products of *Bhu-Thai* culture and social structures at work in the *Ban Boa* community.

Basic Needs

As a consequence of failed models of development in TWCs, rural development was introduced by the World Bank for the development of the poor masses. The Basic Needs strategy at least in theory became prominent in the attempt of governments in TWCs to redistribute development benefits to people found in the poorest sectors of society (World Bank, 1975; ILO, 1976).

Following the eight categories of basic minimum needs (see Appendix B) identified during the Fifth National Development Plan (1982-1986), rural development in Thailand aims to improve quality of life of rural family and community. Being extended in the Sixth National Development Plan (1987-1991), the effort was documented as follows:

> "The Rural Development Program is the most important program continuing from the Fifth Plan, ...Although the program has helped to lessen the rural poverty problem, it has not been totally eliminated. Therefore it is still necessary to proceed strongly to develop the rural areas so the rural population achieves higher income, receives adequate social services, and enjoys wide improvement in the quality of life...(NESDB, 1987: 15-16).

In an attempt to help rural people increase their agricultural productivity, the GPC of *Ban Boa* appears to have met its members' financial needs with its Loan Service which began in 1983 as discussed in Chapter 5.

First, since 1983 the Regular Loan Service has fulfilled most of its members, whenever they wanted, with long term loana, and with a lower interest rate than that of commercial banks. With the "sympathetic dimension" designed to allow opportunities for the richer members to show their "sympathy" toward their fellow poorer members, the latter could borrow more money from the GPC than their own savings when the former agreed to allow their own savings to be used as the collateral for the latter's borrowing. As a consequence, more members had access to the local financial resource and ability to borrow more money than they usually could if they had to borrow from a commercial bank.

Second, the Emergency Loan Service has been able to alleviate the financial constraint of many GPC's members. With the omission of collateral from a borrower, the Emergency Loan is equally accessible for every member of the GPC. By and large, this loan has virtually eased the financial situations of many members when their unexpected problems, be they the money for their children's education or for funeral ceremony, did occur.

Third, the Short Term Loan for Production has directly met the production needs of most members since its emergence in 1991. It became popular since there was no collateral required of the borrower and thus every member has equal access to it. Since it was limited to 1,000 baht per member borrower, the service can serve more members. However, the popularity of this service has led to some difficulties. The generosity of the GPC to help its members, who really need "cash" to start off their cultivation season,[1]

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[1] In most cases, poor farmers needs money to pay for something like hiring a tractor to plough their paddy fields and wage-labourers to help on their work, in order to speed up their cultivation process. This trend

has caused a shortage of available credits, as already discussed in the sections of potential problems in the previous chapter. There was also a chance for this problem to be exacerbated in the near future due to the severe drought during the last cultivating season of 1993.

Finally, the GPC of *Ban Boa* has also provided other services necessary for its members' day-to-day living. These services included Demonstration Stores (DS - general stores), Rice Mills, and Gas Services. Since their beginnings, the DSs have procured most needed family necessities, to service its members at reasonable prices, and the rice mills provided services for members free of charge. These two services have been broadly utilized by the members. Although not every member used gas services, the service in *Ban Boa* and *Ban Brick* have certainly brought some conveniences to the villagers.

While other basic needs, such as health care and education of people in the *Ban Boa* are the responsibility of other responsible government offices, the GPC of *Ban Boa* has also responded to several basic needs of its members, as well as non-members, especially in the area of agricultural production. Only the Loan Service was principally limited to its members. The rest of basic-needs services were open to all. In this regard, when measured against the goals of a cooperative (Fairbairn, 1991), the GPC seems to have successfully performed a cooperative function of meeting its member needs that were left unmet by the government services and the market.

Self-Help Development

A call for more active roles of rural poor people in development process also has an implication of the "self-help" strategy of rural development in TWCs. Participation of people in the decision-making and the implementation of development programs is

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has been necessitated by the irregularity of the rain on which all farmers in this area are dependent and the need to take on other productive activities.

perceived as a training terrain whereby people "learn by doing" and hence, gain their knowledge, skills, and competence for solving their own problems and the community's. The Thai Government adopted the strategy since 1985 during its Fifth National Development Plan (1982-1986) and carried it further in the Sixth Plan (1987-1991). The Sixth Plan set one of its rural development policies as follows:

> ...*Encourage the role of the public organizations and the people* in making decisions to solve their own problems and the communities' problems in order to create self-reliance...(NESDB, 1987: 16)

With 12 years of experience, the people in *Ban Boa* gradually developed their GPC, which finally achieved the level of "self-help" development in many areas namely mobilizing local resources, solving problems and satisfying needs of both villagers and the community as a whole. However, the level of people's "self-help capability" in these arenas varies with time and space.

The GPC's executive committee seems to have been able to pool local resources relatively well without external help. It appears that most people within *Ban Boa* and from nearby villages came to join the GPC voluntarily because they have "trust" in the GPC's executive members. In addition to that, they were attracted to the benefits provided by the GPC. As a result, all credits and other financial resources that are in use today in Loan Services, as well as the investments in such economic activities as DSs and Gas Services, were mobilized solely from local people via both Saving Program and Share Capital promotion.

In the area of problem solving, the executive members appeared to had been more successful in the past than today. For instance, the executive successfully solved the problems of massive withdrawal of members in 1985 and of low price of agricultural products since 1988. The executive managed to revitalize the GPC and its activities until it attracted most resigned members to return within a short period of time. For the agricultural price problem, the executive body allocated some available funds to help buy

farm products from the GPC's members during the low-price period and then, either sell them at a better price or process them (e.g., paddy rice) for sale as finished products that yield more benefit.

Nonetheless, it is worth noting that the executive heavily depended upon government officials, especially the RCDW, during the GPC's early development phase for clerical and managerial work required to operate the GPC and its activities. This also includes the skills in trading activity. According to the previous rice mill attendant and the Second President, the success of the trading activity in the past few years depended largely upon the RCDW's expertise and efforts. As the head of the Trading Committee, the RCDW regularly checked out the agricultural products' prices in the nearby city markets and then posted them on the announcement board at the DS in *Ban Boa*. The committee under the RCDW's leadership was quick to respond to the price changes and hence make profits in various ways.

Today, the GPC seems to be self-reliant in only a few activities and is also struggling with some administrative problems. The data from interviews and participant observation reveal that the GPC has no problems in keeping its routine works and regular services running. For example, on the service day of each month, all routines (i.e., collecting members' *sudja-sasom* and loan repayments, paying loans and the money withdrawn by members, and other bookkeeping works) seem to be done without any serious problems, so do the managerial tasks of the DSs, Gas service, and rice mills.

As with the GPC's administrative problems, the executives seemed to have come to a "dead-end" and in a dilemma when they are faced with the "current problems," that is, an inability to satisfy the increasing needs of members and lack of new volunteers, as discussed in the previous chapter. Regarding the former problem, the GPC's Treasurer admitted that, "this severe shortage of available funds has never occurred before and we (executive committee) did not know what to do." Since this problem was basically attributed to the extremely low rate of repayment of the loans by member borrowers due

to their farming failure, it has a tendency to be worse in the near future as a result of this year (1993) drought. Regarding the latter problem, the executive does not seem to see any resolutions, especially in the face of economic constraints hampering poor people in all rural villages.

As for the ability to serve the people's needs, the executive committee has also been able to satisfy member needs effectively. Many services and activities were created during the past ten years in response to the member needs. First, it initiated different Loan Services to respond to the members' needs. All went well, except the Short Term Loan for Production that seems to give leeway for a potential problem in the future.

Second, the GPC set up DSs in *Ban Boa*, *Ban Koa*, and *Ban Brick* to serve family needs of its members. The executive committee was successful in mobilizing capital investments solely from local people to expand the DS activity from one to three branches.

Third, a fertilizer program was started in the attempt of the GPC to provide fertilizers for its members at cheaper price. The program also made it more convenient for farm member who usually have to buy fertilizer from nearby cities at very expensive price, plus the transportation cost.

Fourth, the rice mills were also established in response to the needs for cheaper rice milling service. Finally, in response to local needs, the GPC set up Gas Service stations in both *Ban Boa* and *Ban Brick*. This activity became a reality through the investment of local resources.

In summary, up until today the GPC of *Ban Boa* has maintained control over its financial resources and administration, as well as kept its dependency on outsiders, i.e., government officials, at a minimum level. As a cooperative organization, the GPC possessed the conditions to be self-reliant in accordance with what McGillivary and Ish (1992) pointed out:

> ...The cooperative ideas or principles of self-help, democracy and political neutrality require a maximum of self-regulation and financial autonomy and a minimum of state regulation and state support...(p.21)

The GPC seemed to have achieved the government's goal to create "self-reliance" to a limited extent. The executive proved to be successful in mobilizing local financial resources and solving the membership and management problems. However, in dealing with the long-term problem such as the low price of agricultural products, which was out of their control, the executive heavily depended on the RCDW's expertise when it came to trading activity. This area will pose problems to the villagers in the long term since the price is usually set by the middlemen or large scale rice-milling owners. Unless committee members become competent and confident in trading activity, the price problem will continue to affect farm members severely.

In sum, while on the self-help criterion, the GPC appears to have made some progresses, it is still crucial to ask whether the GPC's organization and underpinning development paradigm enabled the villagers to critically understand the structural causes of the poverty in the wider Thai societal context. To what extent did the GPC facilitate empowerment of the rural people of *Ban Boa*, especially the poorer citizens?

Empowerment of People

Craig and Steinhoff (1991) state that:

> ...A general understanding of empowerment implies the notion or the experience of psychologically *feeling powerful*, the opposite of feeling dependent...it is a social relationship between groups that determine access to, use of, and control over the basic material and ideological resources in society. Fundamentally, then, empowerment is a process aimed at consolidating, maintaining or changing the nature and distribution of power in a particular cultural context...(p. 49).

Empowerment of people may be a result of the people pooling their resources to act collectively, as well as of their participation in development activities (Vivian, 1991).

The enhancement of manual and technical skills, planning and managerial competence and analytical and reflective abilities of the people can also result in empowerment (Ibid). In cooperatives, the principle of democratic control, one-man-one-vote, grants every involved individual an equity position. Subsequently, their ownership provides them with an opportunity to participate as a legitimate owner of their cooperative enterprise (Conn, 1991). Within a critical development paradigm, however, empowerment necessarily entails the enhanced capacity (confidence, skills, assertiveness) to challenge existing marginalizing realities, and to seek transformations based on justice and equity.

In this regard, the villagers of *Ban Boa* involved in the GPC have been empowered moderately. It took not only the pride but also the confidence in their collective activities for the people to feel the power they have acquired collectively. Basically, the longer they have become members of the GPC, the more understanding and experience of the GPC's operation and benefit they have. As a result, they have gradually developed pride and confidence in what they have done together and thus become increasingly empowered.

The empowerment of these people should be perceived in the continuum between gaining their control over some of their situations and being able to affect the development direction. That is, they eventually emerged from the state of being either, using Freirean language, "*unconscious, hopeless, helpless, or powerless*" to the state of "*conscious, hopeful, helpful, or powerful*" in many situations. Today, there is a general perception among GPC's members that they feel they are in control over varied situations.

First, the consciousness of people involved in the GPC emerged and has eventually increased over time in terms of the goals and objectives of cooperative involvement. This was most obvious in the sphere of their perception of the DS's benefit which convinced many to join the GPC as discussed in Chapter 5. Moreover, this type of

benefit has been frequently used by the GPC's promotion committee members to attract new members. For instance, the most commonly cited reason was that, when they invested to set up a DS to buy goods in bulk and sell to members, all the benefit accrued from the purchase "will not go into the hands of the private merchants," but "it will belong to the members." In that sense, the members have realized that working together could actually render them control.

Second, the feeling of "ownership," "hopefulness" and "less dependence" have also been developed gradually through the GPC's development. All services, especially financial ones, provided by the GPC have opened up an opportunity for its members to feel that they have "ownership" over the resources together and they become much more "hopeful and independent," and in some cases, "secured" in living a decent life.

For instance, the Loan Service has lessened their financial dependency on either private money lenders, who charged very high interest rates, and a commercial bank, which is usually far away in the nearby city and requires a complicated borrowing procedure. With different kinds of loans available in their locale and with less complicated borrowing procedures, the members of the GPC seem to have more control in their own financial situations than before, be they emergency loans for sudden illness or education of their children. That is, they are all having equal access to those loans. Their farming comfort was also raised by the Short Term Loan for Production and the Fertilizer Program.

The saving program that is required of every member monthly has significantly resulted in financial security for many members. In practice, many "well-to-do" families also save money for their children as well. By saving their *sudja-sasom* every month, members have gradually increased their savings. After a long period of time, many members have succeeded in savings and decided to withdraw their lump-sum money (savings) for their family needs, (e.g., buying motorcycles or pick-up trucks or ploughing machine, and building houses). For most of those, their money would never have been

saved without the GPC.[2] A member's savings also affects the amount of money the member can borrow. As such, the saving program has improved the "feeling of security" should a member need money immediately.

Third, the power or control of people over their own situations was most apparent in the development of the GPC's rice milling activity. The activity has significantly empowered the GPC's members. As discussed in the previous chapter, prior to the establishment of the Rice Mills, especially the first one in *Ban Boa*, people were charged expensively for rice milling by the private rice millers. Since they have to mill their rice on a monthly basis, this situation left them no choice and thus became helpless. But once the GPC built its first rice mill, things have changed. The GPC's Rice Mill provided services free of charge but collected only broken rice and rice bran elicited from the milling process. As a result, all private millers have to follow suit. This event has made the people aware of the power of their collective endeavour.

In addition to the change that favoured the members of the GPC, some private rice millers in *Ban Boa* are now offering a free pick-up and delivery service to villagers in order to maintain their business. This initiatives have made people feel that they really have an undeniable control over the situation. The implication is that, now they have choices to choose from, either taking their rice to be milled at the GPC's Rice Mill or have it picked up, milled, and delivered by a private miller.

It should be noted here that the private rice millers' struggle for survival discussed above has posed a potential problem for the GPC. According to the previous rice mill attendant, the volume of rice being milled at the GPC's rice mill in 1993 appeared to be much lower than that in the last few years, when he tended the mill. As discussed before, that was because a number of the members were attracted to the

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[2] Interview with a male member, late 40s, who bought a first motorcycle of his life and used it for selling his home-made products. Similar to this case were a few members who withdrew their savings for buying a pick-up truck and building a house.

immediate benefits and turned to use the free-delivery service offered by the private millers. As a consequence, the volume of collected broken rice and rice bran, which had usually yielded reasonably good income for the GPC, has become very low, while at the same time, the GPC still has to pay a stipend for the attendant. This downfall of the rice mill business was mainly accounted for by the struggle for survival of private millers.

By and large, the GPC in *Ban Boa* has empowered people who are involved in it to a certain extent. People's consciousness level was raised from the hopeless feelings to the hopeful ones when they pooled resources to help each other, and so was their pride in their cooperative endeavour in the forms of various activities. Unfortunately, however, the interpersonal relationship among some villagers seemed to have gradually deteriorated the collective strength of the GPC, and so was the interest of some members in immediate benefits from other services than the GPC's. That is, some people were still helping each other, regardless of what roles or responsibilities they were in and some preferred immediate personal benefits to the collective ones, (i.e. in the benefit from private rice millers). Although being empowered psychologically, the people who were involved in the GPC have not yet showed their collective and countervailing strengths against any form of exploitation, both external and internal to the GPC. This will be discussed in the following section.

Furthermore, empowerment in a critical development context also encompasses the growth of understanding of root causes of societal realities. In this regard, the GPC model did not include goals or processes for *Ban Boa* villagers to examine why and how poverty persists in Thailand, and the role of economic and political power of elite groups in sustaining inequalities. That this deeper level of empowerment did not occur in the GPC should not be surprising, given that the initiative for the project came from a government agency. The possibilities for such critical empowerment could have been better explored in NGO-facilitated development projects (CCDT, 1990; Mingmaneenakin, 1988).

Finally but not least, the GPC has not explicitly integrated gender and development perspectives into its vision, policies and specific projects. While the activities supported by GPC credit has enabled some *Ban Boa* women to generate and increase their family income, issues and problems of gender equity and development have not been regarded as important. The prevailing patriarchal norms of Thai society have largely excluded *Ban Boa* women from top-level decision making in the GPC.

Elimination of Exploitation

One facet of empowerment is the pooling of resources to achieve collective strength and countervailing power (Vivian, 1991). In rural development, a means to pool resources for poor farmers is a cooperative (Uphoff, 1986), whose one compelling objective is to eliminate the exploitation of its members by those more socially and economically powerful (Craig, 1983). But, before poor farmers taking appropriate actions against unjust conditions with confidence, their consciousness must be raised through a conscientization process, whereby they are engaged in an active and continuous dialogue of their own situation and thus becoming critically aware of the oppressed conditions and conscious of their own power. This conscientization process will eventually help remove the poor farmers' dependency on others and lead to self-reliance (Freire, 1970, 1985).

In the case of people involved in the GPC of *Ban Boa*, as far as their consciousness is concerned, they seemed to have only been "more" aware of their lost benefits to the local merchants or private rice millers than to the city merchants (from whom they bought goods for their DSs) or middlemen (who bought their agricultural products). In other words, they have not yet been empowered or conscientized sufficiently to perceive themselves as being in an "exploitative situation" in their society, or in an "exploitative relations" with other groups of people such as middlemen and city merchants. As a result, they have not yet mobilized their "collective efforts" to bargain

with, or taken actions against, the so-called "exploiting agencies" external to the GPC and to correct their situations within the GPC. The "collective efforts" may be in the forms of (a) the co-operation among all the GPC's members in *Ban Boa* themselves and (b) the co-operation among all the GPCs in the *Tambon*[3] or even the District to bargain with or to take actions against the exploitation .

In reality, the exploitative situations of the people in *Ban Boa* exist in two different types. First, there was an external exploitation in the forms of the price of consumer goods the GPC purchased to be sold in its three DSs and the price offered by middlemen to buy agricultural products from the farmers. These prices are normally regulated by the city merchants and the middlemen, respectively. Second, there was an internal exploitation among the members of the GPC. This exploitation is the unequal distribution of the GPC's surplus or benefits.

Regarding the prices imposed on the GPC and its members, people were inclined to accept the frequent changes in the prices as inevitable. From my observation, for instance, when member-customers complained about the price of goods in a DS (a box of detergent, for example), which it was higher than they previously bought, the DS's keeper responded in frustration, "I don't know what to do. Every store in the city sells (the detergent) at higher price. This is the cheapest we can buy." This incidence manifested the people having no control over and no choices of the prices they received.

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[3] There was a case of "rebellion" of GPCs once in Kuchinarai District, in Kalasin Province (the nearby province), under the CDD's CIDA funded five-year Project - Development of People's Organization (DPO, approx. 1984-1989). All GPCs in one *Tambon* agreed to buy products in bulk from only one store in the city that agreed to sell them at the cheapest price. After a few months, owners of other stores in the city went to the District Officer and accused the concerned CDWs of mobilizing rural people against them. Then, the concerned Government officials (i.e. District Officer, Local Administrative Officers) tried to compromise the case, under the good-will of political neutrality. Moreover, due to the legacy of political concern of the Thai Government about the communist ideological threat in the Northeast regions, all CDWs were warned not to "politicize" rural people whom they were working with, and subsequently, to the author's knowledge, such collective movement as that one has not been heard happening ever since. (The author's personal experience when worked at CDD and involved closely with the DPO Project between 1984-88).

Similarly, the price of agricultural products fluctuated. According to the RCDW, who used to lead the Trading Committee to make profit for the GPC, the fluctuating price was usually posted or announced at rice mills or factories in nearby cities. To assure that the GPC's products, which were bought from its farmer members, could be sold at the peak price, he had to make frequent trips to the mills and factories to check the price. Other than that, the price that farmers were receiving depended exclusively on the middlemen, who usually offered very low price for the products. Fundamentally, the farmers themselves could not set their own price for their very own products.

The limited scope of empowerment or conscientization, which resulted in the lack of bargaining power of the GPC's members at a higher level, may be explained basically by their lack of knowledge about economic structures (i.e., marketing and price). Clearly, as discussed in the previous section, the GPC's educational strategy did not seek to conscientize and mobilize the villagers about challenging inequitable economic mechanisms. This can be further attributed to the Thai government's paradigm of development that places more emphasis on the development of national economic growth while neglecting power-based inequalities and the development of human potentials and capabilities, especially the analytical and critical skills of marginalized groups such as poor villagers. Some supportive implications of the above statement can be discussed in various respects.

For example, first, rural development policy in Thailand is fundamentally based on the "improvement" rather than the "transformation" approach that aims to establish new forms of agricultural and social organizations by making a radical break with existing structures of a peasant system.[4] This is more in tune with what has been put

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[4] Long (1977) proposed two frameworks to explain rural development planning in TWCs. They are the 'improvement approach' which aims to encourage agricultural development within existing peasant production systems; and the 'transformation approach' which attempts to establish new forms of agricultural and social organizations, and which makes a radical break with existing peasant systems in terms of scale of operation, production techniques, and socio-legal structure.

forward by Hindley (1971) that the Thai government never intended, covertly or overtly, to create an "active mass" that would agitate the ruling regime, let alone "political transformation". The issue of people's action to defend themselves, and to pursue their interest, in the existing political and socio-economic systems has never been mentioned or emphasized in the government's past Sixth and current Seventh National Economic and Social Development Plans.[5] In summary, the dominant development paradigm never wants to encourage the mass in rural areas to search deeper for the "historical genesis of their situations" but it rather takes the "safe course" to "pacify" the people's needs.

The currently well established rural development system in Thailand has further led rural people to believe that the existing system is satisfactory and that, therefore, no other alternatives should be sought for within the framework of government. To ensure the accuracy of targeting the problems and needs in rural areas, the government collects village baseline data and households' basic minimum needs data, for every other year, from every single village throughout the country. The data are used for formulating the guidelines for rural development planning at every level (i.e., village, *Tambon*, district, provincial, and national). The guidelines are also used for budget allocation of rural development projects (NRDC, 1988; CDD, 1988).

Through local organizations (i.e. village committees and *Tambon* councils), the people in rural villages propose and participate in development projects in accordance with the rural development guidelines, with close consultation and supervision of local government officials. Through this well established system, most project proposals were approved and funded. As such, Thai people in rural areas seem to be relatively satisfied, or in fact "pacified" with what the government has offered and, thus, become uncritical of their actual situations. Not surprisingly, other development alternatives to the

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[5] See the summary of the National Economic and Social Development Plans in NESDB, 1987 and 1992.

government's initiatives has usually not been sought for by the people, except through the grassroots projects facilitated by some NGO.

Second, although the government admitted that there had been, continuously and increasingly, a widening income gap between people in agricultural and other sectors as a result of the development since the First to the Fifth National Development Plans (NESDB, 1991), it still continues in the Sixth Plan to pursue "growth" and "trickle-down" development models under the modernization paradigm without paying proper attention to the issues of socio-economic inequality. For instance, the poverty of the poor has always been perceived as the result of their low productivity and hence low income. In order to solve poverty problems in rural areas, therefore, the Thai government just embarked upon the process of equipping them with agricultural knowledge and skills necessary for productivity through Agricultural Extension Service and procuring them the production credits via the Bank for Agriculture and Agricultural Cooperative. The government's indifference to structural problems can be seen also in its rural development policy set out as follows:

> ...(To) Raise the standard of living of the population in all areas, . . . by the government providing resources for the backward and middle level areas . . . (in economic targets) to reduce rural poverty, continuing from the Fifth Plan, especially by increasing efficiency so that agricultural production in backward areas is sufficient for local consumption, by increasing income, and by reducing seasonal unemployment . . . (and in social targets): to provide basic social services necessary for welfare in career, safety of life and property, self-reliance, participation in development, and living standards that meet basic necessities...(Ibid.: 16).

Third, a GPC was designed under the Saving for Production Promotion Program of CDD, which is a state apparatus, similarly promotes development under "growth model." Based mainly on the ideas of "agricultural cooperative, credit union, and credits for agricultural production, a GPC aims principally to facilitate its members to increase their productions. It is claimed that a GPC and its activities act as a means to develop

individual members in respects of saving habit, self-help and democratic management, helping and co-operation with others (CDD, 1991: 13-17).

The official rationale and objectives of a GPC has not expressed overtly any attempt to mobilize rural people to correct the injustice problem in a society. In this regard, a GPC only aims to "create social justice by (the involved people) practising the justice, as an example, in sharing equally all accrued income (surplus) to members in terms of services, return benefit, and bonus" (Ibid.: 18).

Finally, although the CDD has registered the "Association of Groups of Production Credit" at the national level, on June 1, 1987, to act as an umbrella GPC, it was just a legal action to give lee-way for GPCs at local levels to operate their business and activities without violating any bylaws concerning financial institutions and cooperatives. Still, its goals focus on educating members about self-help, savings, honesty, modesty, and uniting to procure resources for occupational development, all of which are essentially apolitical (CDD, 1991: 123-127).

The internal exploitation of the GPC was obscurely hidden in both the power structure at work in the administration of the GPC and the surplus distribution to its members. The exploitation in the administration basically took the form of an "injustice" being done by a particular executive member (an IP) - a genuine power holder - taking advantage of others without any action mobilized or taken against him.

First, he often failed to observe rules and regulations of the GPC without due penalty. In other words, he used his privilege, as a committee, and power to his own end. In this regard, he was said to have "stopped" saving his monthly *sudja-sasom* with the GPC for more than three months in each year of a few years back, and that resulted in his membership being terminated. But, he always came back to reapply for membership a few months prior to a general meeting and then resumed a leading role in one of the subcommittees in the hope for a committee stipend, which is much higher than the re-

application fee of 15 baht (Interviews with the Second and Present Presidents, Treasurer, and Secretary).

1760 Second, he appeared to have manipulated the whole executive committee to serve his interest. For instance, in leading the Inspection Committee to inspect the cases of missing petty cash of Gas Station Service in 1991 and 1992, he successfully convinced the executive committee to agree with his "contrary decisions" on the two "similar cases" (already discussed in Chapter 5's sections under "roles of government officials). Third, he seems to have perpetuated his debt to the GPC, again without due penalty. This means to the money of 20,000 baht he took to buy auto parts for the Auto Parts Shop project, which was not carried out (as discussed in "unfinished projects").

Though the incidents were quite obvious, especially for the executive committee, there has been no action taken against him by the executive board, who only reveal frustrations. This may be explained by two reasons. The first is the widely held perception and belief in his dangerous and potentially "fatal" magical skills.[6] Second, the GPC's executive committee seems to have depended heavily upon him in such areas as inspection, accounting and inventory checking. Consequently, the executive committees chose to compromise with the IP about the problem, although they felt very frustrated. However, the issue of dependency may possibly be insignificant when one takes into consideration the increasing and cumulative experiences of the other committee members who have worked for the GPC for more than 10 years.

As regards the exploitative in the distribution of the surplus, principally, according to one of the six cooperative principles (Appendix A), the surplus arising out of the GPC's operations belongs to its members. However, the distribution of the

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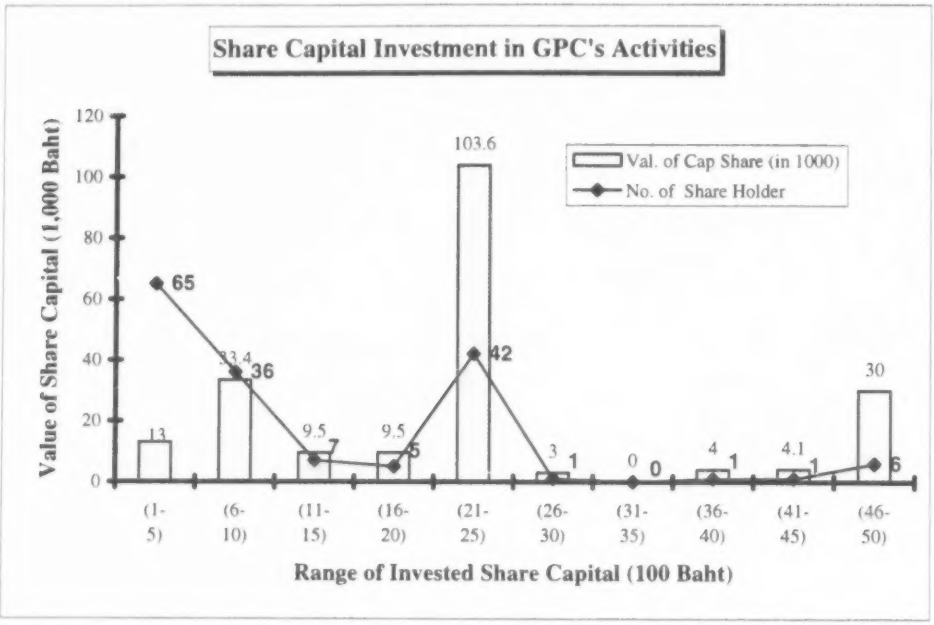
[6] The interview with two local government officials confirms the widely perception of villagers about the influential person (IP) having manipulated three homicides in the community and their belief that the IP was born with supernatural power which protects himself but harms others.

"surplus" seemed to have been done unequally and in favour of the "better-off" members at the expense of the poorer.

The root of the problem lies fundamentally in the GPC's regulations on the Share Capital and its generated profit. In this respect, there are at least three points of criticism to be made. First, the profit generated by all Share Capital largely benefited the affluent members. All benefits generated by the GPC's activities were distributed into two portions (i.e. the cumulative discount to individual purchasers and the return profit to the shareholders). The cumulative discount being returned to purchasers was calculated basely on the "total purchase volume" made by the individual members during the fiscal year, at the rate of about 12% per year. The profit returned to shareholders was the net profit after being deducted by the "cumulative discount," at the rate between 20-24% per year. As such, while the "cumulative discount" was equally returned to individual purchasers according to their patronage, the net profit was shared only among the shareholders, who were actually the minority in the GPC. As of July 1993, there were only 164 members holding Share Capital in the GPC (GPC, 1993a).This simply means that only 164 (37.35%) of 439 members have opportunity to appropriate the benefit generated by all patrons of three DSs and two gas service stations, while the rest of the GPC members are reduced to mere "customers" from whom the "profit" of the business is accumulated.

Second, the distribution of the generated profit seemed to be highly skewed in favour of the "better-off" members. From Figure 1, 42 members (49.3%) were holding 103,600 baht of Share Capital. That is, 25% of the total shareholders will receive 49.3% of the total generated profit distributed according to the value of a member's share. In relation to the total membership, these benefit appropriators merely account for 9.56% of the total 439 members of the GPC, who are virtually the patrons of all business activities of the GPC.

Figure 1. Share Capital Investment in GPC's Activities



Third, it would seem that the rich have used the GPC to gain their benefits. In the early stage, the GPC's executive tried to mobilize local financial resources by encouraging members to invest in the GPC's Share Capital, limiting 10 shares per regular member and 20 per executive member. The ceilings of the share were later changed to 25 and 50 respectively. Since the profit returned was very high, averaged at 20-24 % per year, more members invested with the GPC, hoping to gain more benefit. According to the focus group interview of Inspection and Loan Committee members, there were a few families investing heavily by having their family members (i.e., children or a spouse), who were currently the GPC's members, buy Share Capital to the limit.[7] Many executive members also practised this type of investment. As a result, the practice became

[7] Interview with Inspection Committee members in the first Focus Group interview.

acceptable and the chance for the rich members to appropriate the generated profit increased accordingly when the GPC's profit being returned at the end of its fiscal year.

The distribution of the surplus among the members according to their patronage to the GPC's activities was also unequal. There were two kinds of transactions made by the members in the GPC. One was their purchase of goods and services from DSs and Gas Services, respectively, and the other was their payment of interest paid to the GPC, should they borrow any loan. Nonetheless, members have received the return of surplus in proportion to their transactions only from the DSs and Gas Services, but not from their paid interest on or patronage to loans service.[8]

As with the unequal distribution of the surplus within the GPC discussed above, the members' indifference of such exploitation in disguise may be simply explained by their lack of knowledge of the situation and not comprehending this unequal distribution. Unless they are engaged in more critical discussion on the issue, they will remain indifferent. Furthermore, with the cultural and social values at work in the community, one may assume that most of the people were bound to follow their leaders. Finally, the fact that most of the members have perceived the GPC and its services as very good, very useful, and very convenient, "much more than before," one also can assume that the people involved in the GPC may have become too "satisfied" to think about such an obscure exploitation. In this connection, the GPC of *Ban Boa* seems to be unable not only to carry out an essential "cooperative mission" (helping its members eliminate exploitation) but also to follow a cooperative principle of "Return of Surplus to Members", as discussed in Chapter 2 (Khalidi, 1983; Craig, 1984; Fairbairn, 1989).

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[8] According to the interviews with the RCDW, the President, the IP, and the treasurer.

Summary

The impact of the GPC of *Ban Boa* on its members and villagers in general varies. Since 1981, it has certainly opened more opportunity for a great number of poor farmers in *Ban Boa* and nearby villages to participate in development process, although not all of the villagers involved. However, the participation in the GPC still cannot be considered as "authentic" since its members still have no control over their own situation or development direction. Only a small group of people who became leaders seemed to have "real" control over the direction of development, as well as more opportunity to learn and gain more knowledge, skills and experiences necessary for further growth of both the GPC and themselves.

The GPC definitely has offered various basic needs for its members at a satisfactory level. The GPC's leaders with various types of assistance from the RCDW, could operate the GPC relatively well on a self-help basis to solve community problems and serve member needs. They have managed to pool enough resource to create services to serve the members and community as a whole. In that context, most members have felt "empowered" eventually when they became increasingly aware of their collective power to take some matters (such as rice milling, gas services, and general stores) in their control and gradually developed the belief that they actually owned the GPC and all of its activities. This empowerment is in the form of pride in their collective efforts in and ownership of the GPC's activities.

However, there were still some forms of exploitation both within and outside the GPC. By and large, the people have not yet felt an exploitative force from outside and then taken collective actions against it. This seems to be accountable for by their "ignorance" of the socio-economic structures that affect them at the village level and of the cooperative theories upon which the GPC is based.

In addition, the focus of the government's rural development that continues to be on "growth promotion" more than on "human dimensions" seems to have created more "placatory benefits" (e.g. basic needs), than "authentic development" that would enable the poor farmers to become more competent and self-reliant in their living.

As with the internal exploitation, by a power holder widely believed to possess dangerous powers capable of harming people, the safe courses of non-action of concerned individuals seems understandable. But it should be noted that such exploitation of development benefits by a local power holder, as this one, is not uncommon in Thailand's rural areas. As for an exploitative tendency in the distribution of generated surplus, it does not appear for the members as an exploitation. It seems to be the "reification"[9] of the poor in believing that the difference in their return of the surplus is reasonable according to their different investment in Share Capital.

So far as discussed above, it would seem that democratic development has not yet been materialized in the development process of the GPC. This may serve as a call for a more careful approach on the part of responsible government agency - the CDD, that is. In that connection, some policy recommendations are to be in the final chapter.

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[9] "Literally meaning a process of making 'thing-like', the concept of reification was popularized by G. Lukács. He used it to describe a situation in which social relations seem to be beyond human control because they acquire a fixed and immutable quality, almost as if they were features of the natural, rather than social, world..." (Abercrombie *et al.*, 1988: 205).

CHAPTER 7

SUMMARY AND CONCLUSIONS

This final chapter presents a brief summary and the major findings of the study. Some recommendations are offered based upon the research findings for the improvement of rural development programs as the GPC of *Ban Boa*. This is then followed by suggestions for future research.

Summary

Under the aegis of the modernization paradigm in the 1960s, enormous efforts were attempted in Thailand to achieve socio-economic development. However, the majority of Thai people - the rural poor farmers in particular - were still faced with the problem of chronic poverty. It was only in the late 1970s that rural sector development in Thailand received more attention from the government. Unfortunately, the rural sectors are still lagging far behind since the government has left the structural causes of the problems untouched. The "defective development policies" and the "imperfect marketing systems" in Thailand have further marginalized small farmers (Mingmaneenakin, 1988). In the attempts to deal with that problem, cooperatives have been increasingly perceived as a better social mechanism to offer more opportunities for small farmers to participate in and control the direction of development process and consequently, to have more opportunities in the society.

However, experiences of the cooperative movement in Thailand demonstrated that it is not as successful as one might have thought. The primary explanation for such phenomenon is that most of cooperatives, especially at the sub-district and higher levels, were government-initiated projects in rural development programs, and therefore tended

to be controlled and operated by government officials. As a result, they generally faced low member participation of the rank and file and were ineffective in helping the poor.

The review of literature reveals that small-scale cooperatives promoted at the local levels in Thailand seemed to experience less government intervention. As a result, they tended to attain much autonomy and became more successful than their counterparts at the higher levels. Small-scale cooperatives appeared to be in the better position to offer small farmers an opportunity to deal with their indebtedness and poverty problems in a more self-reliant way leading to a better quality of life.

In an effort to promote more effective small-scale cooperatives in rural areas, the Groups of Production Credit (GPC) - initiated and launched in 1979 by CD Department, Ministry of Interior of Thai Government - were designed to organize "self-help" groups at the village level to tackle the rural poverty problem throughout the country. A number of the GPCs in rural Thailand have become economically successful to a certain extent, whereas many have struggled to survive. Hoping to learn from the more successful GPCs, this study examines a Group of Production Credit (GPC) in a poor village in northeastern Thailand. The main focus of the study is to critically examine its developmental process by finding out why the GPC emerged, what major factors contributed and/or were detrimental to its success, what were the past problems of the GPC and how they may have been solved, in what activities the members have participated most, what changes the members expect in the future, what groups of people benefit most from the GPC, and what consequences the GPC has created for individuals and the village as a whole?

A case study of the GPC of *Ban Boa* in *Mukdaharn* province was chosen and a qualitative approach was largely adopted to collect data via unstructured interview and participant observation. In addition, data was also collected through documentary sources, including the GPC's records of various activities, Village Baseline Data, and Reports on GPCs by CD officials.

The researcher spent about three months and a half collecting data in *Ban Boa*. Unstructured interviews were employed to reveal the GPC's experiences in the past, the perceptions of the people involved about the GPC and its activities, and the roles of both the ordinary members and the executive members in the GPC's development process, especially in the area of decision making. Informants of the study were approximately 68 in total. Most of these informants were selected through a snowball technique (i.e. a present informant usually refer to or mention about the other key persons who then were chosen to be interviewed), and some were randomly selected from groups of villagers, local leaders, and teachers.

Participant observation was undertaken to learn about social relations, culture and traditions, and the consequences these have on individuals and the village. The understanding of these issues is helpful in order to interpret the factors which might have contributed to the success of as well as the current issues facing the GPC.

Documents were used to describe the village where the GPC is located and its people, the GPC and its activities, the underlying assumptions and expectations of the GPC, both in general and in this study. Furthermore, they were also used to provide some official indicators of the performance of the GPC and to reflect upon the development paradigm employed by CDD in implementing the GPC program.

The data thus collected was then subject to analysis and interpretation based on issues, principles and themes drawn from a critical paradigm of development, including the theory and practice of cooperatives.

Major Findings

To examine the context through which the *Ban Boa*'s GPC has developed, the success it achieved, and the factors contributing to the success, the study undertook seven major areas of research questions. As a result of the analysis of documents,

interviews, and participant observation, the findings of this study are summarized according to each area of research questions.

1. What problems or other experiences did the villagers face prior to setting up the GPC? How has the GPC been formed, promoted and developed ?

There was no particular problem or situation that directly gave rise to the establishment of the GPC of *Ban Boa*. It is one of the government-initiated development projects that was introduced to the villagers by a community development worker (CDW) according to the policy of CDD which was to set up GPCs at the village level throughout rural Thailand. Nonetheless, the GPC of *Ban Boa* had been well received by the villagers because what it has to offer virtually corresponded with the villagers' needs (e.g., savings for family expenses and farming needs, fertilizers).

Generally, *Ban Boa* was similar to most villages in the Northeast region that experienced poverty. Many of its poor villagers had been facing financial shortages and a high cost of living. In that regard, most of them usually borrowed money from their relatives, when in need, whereas a small number of the poor whose relatives could not help them financially had to borrow from private money lenders at extremely high rates of interest. Given that most of the villagers are poor farmers, their financial necessities are constrained mainly by their farming needs and sometimes by their children's education and family emergency.

A high cost of living appeared both in the villagers' family consumption and farming needs. The villagers had to pay a relatively high price for not only their family requirements from private stores and service charge rice milling at private rice mills, but also the gas (fuel) for their commuting vehicles and ploughing machines. Furthermore, they had to buy fertilizer from the market in the city at a very expensive price, and they also had to pay for its transportation.

Although it can be said that the development of the GPC of *Ban Boa* was attributed to the remarkable leadership and untiring efforts of a few local leaders, supports from other sources were also equally important to its development. Strong and acceptable leadership was repeatedly translated into the re-election of many GPC's leaders. As for other supports, the help from local teachers, in the forms of clerical and managerial skills, during its initial stage, seemed to be very significant to the GPC's successful take-off. Secondly, continual and on-site support from a CDW, who is a resident of *Ban Boa* and has a rich experience on the development of GPC, was extremely crucial to its development. The last pivotal contribution to the GPC's development was from the government in terms of financial and technical assistance, (i.e. budget for construction, loans, training and seminar sessions).

However, as discussed in the previous chapter, the theme and principle of participation of ordinary cooperative members in policy and decision making has been under-emphasized in the GPC. Only a small number of GPC members have enjoyed and utilized opportunities to develop capacities for leadership. Overall, the GPC did not challenge or transform mainstream or traditional norms of Thai political culture.

2. During the course of developing the GPC, what problems have the members encountered and how were they solved? What are the issues currently confronting the GPC?

The GPC encountered a few problems during its development. During its initial stage, the poverty of villagers had partially impeded the GPC's development, for it caused the GPC's members and the non-members respectively not to save consistently and to join the GPC. Moreover, the latter's lack of understanding of the GPC concept also made them reluctant to get involved in the GPC. As a consequence, the progress of the GPC was being restrained by its narrow-based participation from the people within the locale, which had further suppressed the GPC's ability to mobilize financial resources to service its members.

In the GPC's history, there were two problems that were very detrimental to its existence. They were the two massive withdrawals of the membership from the GPC due to the mismanagement of the executive board that resulted in the members' loss of freedom to withdraw their savings and, secondly, the inexperience of a Demonstration Store (DS) keeper that caused financial loss of the *Ban Boa's* DS for two consecutive months in 1985.

The above problems occurred in its early years but had eventually continued later. By and large, the causes of these problems were rooted virtually in the members' lack of understanding of and consequently confidence in the GPC, as well as the executive's lack of skills, knowledge and experience about the GPC itself and the management of the GPC. Thus, when villagers gained more understandings of and confidence in the GPC, more consistent savings by members and more involvement of new members took place. Likewise, the majority of resigned members returned to the GPC after the problematic regulation was changed to permit members to withdraw their savings at their disposal and the unmanageable selling method at the DSs was improved.

Unfortunately, the problems of missing petty cash of the Gas Station Service in *Ban Boa* occured in two consecutive years, i.e. in 1991 and 1992. Although the problems were settled by the executive's decision, the consequences were discouraging. As a result, many potential members hesitated to join the GPC because of their suspicion of the executive's decisions on the matter. Moreover, the RCDW, who was involved closely and actively in the operation of the GPC, relinquished his role immediately. As a consequence, the separation line between social factions in the community became clearer, although overt confrontation did not occur.

Currently, the *Ban Boa*' GPC is obviously facing two major problems. One is the high tendency of the GPC of not being able to satisfy the increasing financial needs of its members and the other is the lack of willing members to work in the GPC's administrative capacity. Both factors are significant barriers to the progress of the GPC.

If the GPC is unable to satisfy the needs of its members adequately, the level of people's participation will be reduced and the financial pool and other kinds of services will consequently become less, thus worsening the GPC's social and economic stability. Furthermore, the analysis of the previous chapter has raised issues and questions about the limitations of the GPC in the areas of empowerment and equity. Although GPC members seem to have realized their potentials through their collective action, it has rather been more to serve their economic needs than to challenge the existing inequitable structures.

3. Throughout their experience with the GPC what changes have the members perceived for themselves as individuals and the entire village as a whole? In what activities have the members participated most and in what way ?

In the opinion of the members, the GPC has become "a real local financial institution" and its services have brought them convenience. The members have the opportunity to save money regularly and consistently for their family needs in the future, such as, the education of their children or construction of their houses within their community rather than going to towns. Importantly, the GPC has the pool of financial resources that is useful not only for their family needs but also their production activities. The most frequently used services are said to include the free-of-charge rice milling services, the DSs, the Gas Services, and the Emergency Loan and Short Term Loan for Production services. Participating in the GPC helps the members to save a lot of money on interest rate on loans, expense of family consumption, gas, and fertilizer. Indeed, the GPC has enhanced its members' capacity to avoid middlepersons and problems such as indebtedness.

4. What key factors have the members perceived as contributing to or hindering the success of the GPC ?

Based on two different perspectives, there are two types of "success" of the GPC discussed in this study. The first success is "economic success," and that is pertinent to what most people involving in the GPC have perceived. The second is the success in the cooperative operation in accordance with the internationally recognized cooperative principles defined by ICA.

The study found that both involved government officials and local people were placing more emphasis on the economic aspects of the GPC rather than its social ones. From their points of view, the GPC was successful economically in mobilizing local resources and making them available for its members. It also had various services to satisfy the members' needs. Therefore, everyone was quite satisfied with the GPC's performance.

However, when analyzed within the framework of critical cooperative principles there remains significant areas for change and improvement. Most of the practice of social features, especially members' control over the GPC, member participation in planning and decision making process, and equal distribution of the surplus to members, had been minimally put in place. In addition, such essential features as the functions of cooperative education and of coordination among cooperatives seemed to have been largely ignored by both the GPC's leaders and the concerned government agencies.

Although the information of the data collected disclosed that there were encompassing factors within the social context of *Ban Boa* that actually contributed to and hindered the present GPC's economic success, the GPC's members and executive seemed to have slightly different perceptions of those factors. For example, most members tended to attribute the GPC's successful economy mainly to its strong leadership, which was provided by a few key leaders, such as the past and present

Presidents, the IP, and the RCDW. In a slightly different perspective, teacher members gave importance to the villagers' education for it had made them more receptive to development. In addition to what members perceived, the executive members further believed that the Phu-Thai culture and good economy of the members in general had helped the GPC's development. They also thought that the RCDW's close and continual support must be held accountable for the GPC's success.

Only a few key executive members and some non-members realized that the GPC could have been more successful. For the former, the lack of knowledge about the techniques and principles of GPC and the lack of commitment to administrative duties and responsibilities of most executive members are responsible for the GPC's lagging development. As for non-members, the lack of honesty, mutual trust and responsibility of the executive members are the inimical factors for the GPC's slow development. Overall, the membership of the GPC remained critically unaware of those structural and process limitations of the GPC inhibiting their empowerment to transform local and national realities of rural underdevelopment.

5. Are there any negative/positive consequences of the GPC?

By and large, on the positive side, the GPC of *Ban Boa* has created some satisfactory changes for the people involved. Most of the provided services have met the members' needs. Secondly, the GPC has also opened up different types of learning opportunity for its members that is also instrumental to the socio-economic development of their society. For example, people learned more about collective ways of "self-help," helping each other, and doing business. The GPC's members had access to the means of saving money and simultaneously generated extra income in terms of the return profit from the GPC's surplus. By means of the GPC, their awareness of democratic issues, such as equal right in voting and participation, was also encouraged, though it was at a superficial level.

Nevertheless, the development of the GPC of *Ban Boa* had not taken place without any pitfalls. First, as a result of the GPC's operation, there appeared to be more small social fractions in the community than in the past. Not only were there conflicts of interests but the disagreement on the GPC's practice among people involved had caused more social fragments in the society. Moreover, the gaps between those social fractions seemed to be widened since the roots of the problems were not solved or settled by the parties involved. The disproportionate influence and power of a small number of individuals to shape policies favourable to their own interests remain a serious deficiency within the GPC at *Ban Boa*.

Second, the distribution of the GPC's surplus reflected ongoing inequalities, and this inequality had been perceived by some poor members and non-members. As long as the structure of the Share Capital investment was not changed, the issue of inequality would seem to remain and, eventually, restrain the GPC from involving the poor in the development process.

6. What group of people are likely to benefit most from the GPC ?

Although every member was entitled to have equal right in and equal access to all services and benefits, the "better-off" members appeared to benefit more from the GPC's services and activities more than the poor ones. Their advantage lies largely in the return profits of their Share Capital investments, which earn 20-24% per year. This percentage is much higher than the interest rate of the regular savings, i.e. sudja-sasom, which earn only about 12% per year. The difference in the interest is so tempting that many members decided to withdraw their sudja-sasom to invest in Share Capital. Moreover, the rich members (though small in number) managed to invest in Share Capital over the limited ceiling via the investment privileges of their family members who were also members of the GPC. Regarding the advantage in investing and receiving more benefit from Share Capital, the executive members were also having more advantage due to their investment privileges granted to the executive committee, which were two times more

than the privileges granted to ordinary members. Furthermore, as analyzed in the previous chapter, only 9.56% of the total 439 members or 25% of the total shareholders have become appropriators of the benefit generated from patronage of all members.

7. What do villagers like to see happen to the GPC in the future ?

Since most members of the GPC in *Ban Boa* are farmers, they were looking forward to the adequate pool of financial resources on which they could depend when their family or their production needs arose. However, the executive body had placed more focus on maximizing the existing Share Capital reserve in the past by expanding the GPC's economic activities, so that maximum profits could be generated. Consequently, the distribution of the surplus would be greater and thus become more attractive to the investors. As things stand, the GPC's expanded economic activities seemed to have already satisfied the members.

Nonetheless, the expectations of the villagers involved in the GPC are twofold. First, the leaders of the GPC were looking forward to expanding more profitable activities in order to sustain the high rate of return on the increasing Share Capital investments. Unfortunately, they currently ran out of ideas as to what kinds of economic activities to be expanded. Second, only one concrete suggestion of what the GPC should do in the future was raised during the focus group interview of the representatives of branched DS in *Ban Brick*. It was suggested that the Hardware Store sells such construction materials as concrete blocks and posts for houses or buildings in general be initiated and developed. This suggestion also exemplifies their impression of the "convenience" they expect from the GPC besides their real concern about the cost. This is so because they normally have to buy the construction materials, or have them delivered from the city for which they have to pay very high costs.

Theoretical Implications

The CDD's development policy on GPCs is obviously based on Rural Development Paradigm which focuses on "Basic Needs" of the rural poor. The CDD aims to first, attack poverty in rural areas, and secondly, to generate basic needs for the people and finally to achieve self-reliance (CDD, 1991).

These objectives can be realized by increasing people's family income and enhancing their capabilities. This process is done through GPCs and their activities. To increase family income, the people in *Ban Boa* did so by accumulating more savings, through monthly depositing their money with the GPC and regularly reducing their family expenses on family necessities so as to invest in productive activities. As a result, they not only could increase their farm production but also had access to various basic services provided by the GPC at the same time. As such, poverty could be hoped to be eliminated and people's basic needs met.

As for the enhancement of people's capabilities, CDD encouraged people to set up their cooperative organization (i.e. a GPC) in which they were also encouraged to be involved. In doing so, the people's potentials and capabilities would be enhanced through various learning experiences. The GPC also would act not only as a provider of basic needs but also as a defensive society for the people to help themselves from being exploited by the marketing system, given that all people involved in the GPC understand the cooperative's concept and principles and then act accordingly. With such a community-based and cooperative organization as a GPC and such capable people as the GPC's leaders in the village, it is hoped that self-reliance and people's empowerment would eventually occur.

However, the data of this study reveal that the existence of the GPC in *Ban Boa* had not fully developed the potentials of the GPC and the capabilities of the involved people. The GPC did not seem to have attained the "genuine" bargaining and

countervailing power, and neither did its members have enhanced their capabilities, except for a few leaders. This was because the people did not fully and effectively participate in the GPC.

The analysis suggests that this pitfall is the result of a lack of understanding of or people's familiarity with the cooperative's or the GPC's concept. Both GPC's administrators and ordinary members in general were too attracted to the GPC's benefits to pay attention to learning about the principles of a GPC. They seemed to be over taken by the desire to strengthen the economic base, rather than the social dimensions of the GPC (e.g. democratic control and practice, leadership development, understanding of GPC's concept of people involved, two-way communication between members and administrators). As a result, their GPC appeared to be economically successful while experiencing low member participation in the planning and decision making process. As regards the members' understanding about the GPC, its leaders seemed not only to neglect educating members about the GPC but also lack the knowledge and techniques of doing so.

The understanding of the people about a GPC and its services also seemed to be a determining factor for some members to join the GPC. In the early experience of the GPC, many poor farmers hesitated to become members although it required only small amount of 10 baht from each of applicant. However, a number of them later decided to participate in the GPC, and their decisions can be accountable for by two different reasons. First, over a period of time, some of them eventually gained more understanding about the GPC and its benefits by themselves, and then they participated in the GPC with more adequate understanding. Second, having seen their neighbours received a variety of benefits from the GPC, some of them decided to become members. In other words, they had finally overcome their psychological barriers to take part in the GPC when they more clearly perceived the benefits of being a member.

Nonetheless, there were some people who did not participate because of other reasons besides an understanding of the GPC. The study discloses that many old members (e.g., local teachers or the First President of the GPC) withdrew from the GPC due to their conflict of interests with the DS activity or their dislike of the GPC's administration being manipulated by a power holder. The latter count was also said by a retired teacher for his non-involvement. Similarly, one teacher refrained from becoming a member, after being a member two periods, because of his suspicion of an ambiguous administration of the GPC's executive body over financial issues, particularly on the Gas Service's missing petty cash problem. As such, one may conclude that non-participation of some villagers is also attributed to incidents of conflict of interest as well as distrust of the GPC's administration.

Finally, the low level of people's participation in the GPC of *Ban Boa* may also be attributed to the fact that the GPC did not emerge from the people's real needs or "felt-need" for a cooperative. Prior to the GPC's inception, people in *Ban Boa* were living a simple life in the community where most of them were socially and biologically related to one another. For them, the diversity in their occupations is normal and acceptable. The profit that the private rice millers and store owners made in their businesses would seem to be the expected outcomes of their works. As such, the people in *Ban Boa* generally did not feel any form of unfairness or exploitation being imposed on them. Therefore, they did not have higher motivations in acting collectively in the GPC, rather than utilizing its available services.

In that connection, although people who were involved in the GPC were able to perceive the apparent loss of their benefits, they had never been helped further by CD officials to become more aware of any other existing forms of either internally hidden exploitation or external structural exploitation, as discussed in Chapter 6. As such, the GPC of *Ban Boa* seemed to have lost its potentials as a small scale cooperative at the

grassroots level which could empower the poor farmers to challenge and work for greater social democratization.

This particular phenomenon is indeed understandable when considering the stand CDD has taken to promote the development of GPCs in rural Thailand. As a government agency, CDD does not seem to have acknowledged the existing unjust socio-economic structures in rural areas. In this regard, at best, it only admits that, "the poor people in rural areas are imprisoned in the vicious circle of poverty, resulting in their lack of production capital" and that "at present people in (rural) villages are taken advantage by private merchants" (CDD, 1991: 13, 14). For CDD, the most important conditions that hinder development in rural areas are the people's lack of education, financial capital, and merit principles (CDD, 1991: 9). But the issues of "social inequity or injustice" has never been raised or discussed overtly in its development policy, whereas some Thai development scholars such as Rabibhadana (1986) and Mingmaneenakin (1988) have highlighted these issues as the main obstacles to development.

It should be noted that the findings of this study of a small-scale cooperative - the GPC of *Ban Boa* - significantly parallel insights gained from previous research on cooperatives in Third World countries as earlier discussed in Chapter 2. The GPC has shared similar characteristics to that of the successful cooperatives; that is, it has provided broader, needed and profit-making services, experienced less government control and intervention, received external help only in the early stage, and operated on a self-help basis. Likewise, similar to most cooperatives worldwide the *Ban Boa* GPC has not succeeded in strengthening the social empowerment of cooperative members so as to link micro-level development with macro-structural transformation.

However, there are a few findings from the *Ban Boa* study which differ somewhat from the global experience of cooperatives. In contrast, the GPC of *Ban Boa* seems to be successful economically despite having experienced low level of "genuine member participation" due largely to the members' lack of knowledge and understanding

about cooperative and their right and responsibilities. Nonetheless, the study found that the GPC's lower level of member participation has been somewhat compensated by its strong and determined leadership and unifying tribal culture over the years.

Recommendations

This study found that the GPC of *Ban Boa* had been quite successful economically, when considered under the scope of Rural Development and Basic Needs models of development. But when considered under the cooperative model of development, it appeared to have lacked the valuable potentials to help the poor to gain control over their own situations and thus become truly self-reliant. While the villagers in *Ban Boa* seemed to perceive the economic changes created by the GPC as a real development with which they were content. But the fact remains that the poor are still at a disadvantage in the existing socio-economic structures in Thai society. As well, within the structures of the GPC, inequalities of power and rewards have still not been significantly addressed.

From the analysis of this study, various areas in both the development of the *Ban Boa*'s GPC in particular, and the implementation of GPCs in general need to be improved. Therefore this study will now attempt to make some recommendations for both the GPC of *Ban Boa* itself as well as the Department of Community Development.

1. The policy on, and the ultimate objectives of, a GPC should be reconsidered by CDD. Given that the existing socio-economic structures in Thailand have not yet allowed for the fair system in which the poor can play their socio-economic roles equitably, CDD as a government agency should not be mistaken to aim only at increasing people's productivity, generating their basic needs and thus achieving self-reliance. Self-reliance in rural villages can never be "authentic" if the poor are still vulnerable to exploitation of any kind.

CDD must recognize that so far as GPCs are not successful in organizing or mobilizing the poor mass to act collectively at their own levels and higher levels (i.e., Tambon, district, and provincial levels), they will never attain bargaining and countervailing powers. As a result, GPCs will not be able to help its members much in the area of the unfair prices of agricultural products and consumer goods. This will lead to low people's participation in GPCs and development process.

2. CDD should operationalize various features of GPC, so that there will be commonly shared, clear and practical goals among all involved individuals, both CD officials and rural villagers. Clearly from this study, for example, the meaningful feature of "members' participation" (one of cooperative principles) had seemingly been reduced to the level of the members' attending at the meetings to listen to official reports made by the executive committee, without making any significant contributions. In this regard, the features that need to be operationalized may included democratic control of members; members' participation in planning, decision making, and implementation process; and mutual trust, responsibility and sympathy.

3. CDD should also operationalize as fully as possible all the procedures or routines necessary to operate a GPC. There is certainly a need for educational and training opportunities for villagers to learn basic managerial skills to operate the GPC. Many unclear procedures or routines of the GPC's operation have left villager participants struggling to survive and subsequently created dependency of the general members or of the GPC on an individual who has expertise or claimed to have had one such as the IP in the case of *Ban Boa*. Unfortunately, this led to various unwanted consequences, such as a) the manipulation of an opinion leader over the executive committee, b) the members' loss of confidence or discouragement to volunteer to work for the GPC, and c) the conflicts or confrontations among individual committee members over the managerial issues.

4. CDD should place greater emphasis on the education of ordinary members of GPCs about the concept of cooperative GPC, their roles and responsibilities for their organizations. The study found that many people in *Ban Boa* were late to join the GPC because they did not understand initially about a GPC and its benefits. In general, most members seemed to be proud of their GPC and content with the present outcomes but sometimes they felt hopeless about the price of both their agricultural products and the consumer goods, both of which they did not have any control. Therefore, people still need to look further for other solutions to their problems. In that connection, they need to understand, through all educational means, the ultimate goals of a cooperative organization which aims not only to create successful economic activities but also to exterminate all types of exploitation for them.

To promote that understanding, CDWs should be well trained or have updated knowledge in areas of cooperative and its principles, participation, social and economic systems, pricing and marketing system, so that they can help the poor people to understand their exploitative conditions. In this regard, CDWs need to be equipped with knowledge , understanding, and skills of critical pedagogy so that they will be able to foster the rural poor to learn to become more critical of their existing societal system and consequently aware of their "genuine" positions in the system. By doing so, there will be an opportunity for the poor to become conscientized and then feel empowered to seek for a more justice system.

However, as mentioned in the previous recommendation, education for socio-economic and political empowerment also needs to be complemented by economic self-reliance, including basic managerial and other technical skills necessary for effective administration of the GPCs.

5. In connection with the third recommendation, there should be a curriculum package developed for educating ordinary members about a GPC as well as their roles and responsibilities. Most important is the issue of socio-economic structures that should

be included in the context of the curriculum package, so that the members' consciousness of and commitment to the GPC can be increased. By and large, the education of ordinary members is very crucial to the development of the GPC in that, it will gradually improve the quality and capability of the members while at the same time preparing potential leaders for the GPC.

6. In support of the third and fourth recommendations, more communication channels, especially two-way communication, should be established between the GPC's ordinary members and the executive. There should not be only annual meetings through which members can express their concerns, problems, and needs, but there should be: for example, suggestion boxes, members' attending at regular meeting of the executive committee members, or bulletin board where members can gain more knowledge and understanding of the GPC and its operation. In this regard, CDD via its CD officials must help villagers in this regard because it is not a simple task for villagers to be in isolation from the former.

7. Similar to the fifth recommendation, communication between GPCs at both the same and higher levels should be developed. Given that a GPC at the district level was largely set up, all GPCs within the district should be guided to realize their own potential collective powers in both buying and selling. The purpose of higher GPCs should not be limited to only providing consumer goods at reasonably lower prices to the lower GPCs since the latter do not buy only from the former, but many goods are in fact bought from the nearby markets. As such, both horizontal and vertical two-way communication between them will serve as a channel through which their ideas and experiences can be shared and thereby common power realized.

8. All GPCs should be encouraged to look for alternatives other than selling their agricultural products since they are still being exploited through the unfair prices set by middlemen. As the experience of the *Ban Boa*'s GPC showed, the products - paddy, for example - may be processed to be sold by the GPC directly to consumers both inside or

outside the community at reasonable price that is lower than the market price. This business undertaking would not impose any further financial constraint on the GPC if it already had (a) a rice mill, (b) the stock of paddy (which was usually bought from its farm members and waiting to be sold when the paddy's price is higher) and (c) a rice mill attendant. In fact, the finished product proved to be more profitable for the *Ban Boa*'s GPC. By focusing more on the processing of the agricultural products, a GPC would be able to generate more profits hence leading to an increase in family income of its members. Nonetheless, most important is that selling finished products directly to consumers would technically increase opportunities for the poor to be more "equal partners" in economic system.

9. CDD should find a way to introduce the ideas of "audit" of GPCs' accounts to, firstly, prevent any wrong doings and, secondly, eliminate internal exploitation by some powerful individuals. As this study found out, the local power structure in *Ban Boa* was at work, a power holder was actually using power to his end. As a result, many people (i.e. local teachers and RCDW), whose expertise could be essential to the GPC's development, had pulled away to avoid confrontation with the power holder.

This illuminates the limitation of the decentralization of power from the government to rural communities such as *Ban Boa*, where local people are inclined to "give in" to any problems caused by the power holder. This does not seem to be uncommon in rural society of Thailand and other Third World countries. That is why a government intervention is needed, to a certain extent, to help restore the fair-play `equity' among villagers and ensuring the disadvantage receive development benefit more equally. In that regard, auditing the GPC's account by `external agents' would possibly reduce the degree of exploitation or corruption.

10. Likewise, the CDD may also initiate the ideas of `social audit' to improve socio-political features of GPCs, e.g., members' participation and democratic control of the members. It was obvious from the study of *Ban Boa*'s GPC that the economic

development of the GPC had overridden its social counterpart since its inception. In order to enhance the capabilities of the people involved, `social audit' should be performed by either inside or outside agents. Technically, the operationalized features and procedures according to the second and third recommendations can be used as a framework for `social audit.'

11. Finally CDD should consider suggesting the members' sudja-sasom be counted as their Share Capitals in the investment of the GPC's activities, and simultaneously as their collateral for loans. The possibility lies in that fact that the members' sudja-sasom is always deposited in the `saving account' of the GPC, unless members withdraw for their own personal use. As this study found out, the GPCs' activities largely benefited the `better-off' members more than the poorer. Therefore this recommendation is a step to increase `equity' among members in receiving benefits from the GPC's distributed surplus. However, the benefit on sudja-sasom must be based only on what it was used for.

In short, a success of such cooperative programs as the GPC of *Ban Boa* can be improved greatly by observing closely the cooperative principles. Gradually, it will be able to instill democratic spirit in the people involved and help reduce social and economic inequity. In this regards, government agencies will also need to collaborate with communities, NGOs, and other stakeholders in Thai society in ways that promote democratic participation and economic development which meets the basic needs of the citizen.

Suggestions for Future Research

This study has consciously taken up a wider scope to encompass the socio-political context through which the GPC of *Ban Boa* has developed. As a result, a number of issues still deserve more in-depth investigation. Some suggestions therefore are made for the future research of the same nature as follows.

1. As a cooperative aims to eliminate "exploitation," not reinforce it, the issue of internal exploitation in local and small scale cooperatives, such as a GPC, needs to be examined carefully and thoroughly to see whether the difference in percentage of profit return for the investors and non-investors in Share Capital is acceptable or exploitative. The difference in the accrued profit of different classified groups of members (i.e. the poor, moderate, and rich) according to their Share Capital investment) may need to be pinpointed. As the data on this returned profit was normally recorded by the GPC's committee members, a researcher should be able to have access to them with no difficulty. However, since the inquiry of this suggested nature may lead to a conflict with some individuals who have been appropriating the benefit, it should be incorporated with other related aspects of the GPC (e.g. the profit generated from Share Capital investment of each individual activity and of the GPC as a whole).

2. Internal communication system/channels within a cooperative (GPC) should be looked into, so that some improvements can be made to increase members' participation and thereby effectiveness of the program. For example, one may study how the GPC's executive assessed needs, concerns, or problems of ordinary members and disseminated or publicized its ideas or other information to the latter, how ordinary members learned from each other, what internal communication was in existence and how did it occur.

3. Since the poor people in most TWCs, in particular Thailand, have generally been at a disadvantage in their socio-political and economic relations with the "better-off" people, the possibilities of cooperative coordination should be studied at all levels, beginning at the lowest level first. The research findings may provide the lee-ways for poor farmers to attain more bargaining and countervailing power to fend and pursue their best interest. Some questions that need to be addressed are, for example: how can they (GPCs or cooperatives at a given level) be coordinated?, what can they do to coordinate with one another?, for what reasons they should be coordinated?, what benefits can occur?.

4. Since this research reveals that the poor people still have not had control in the GPC's development process, there should be a study with a greater focus on socio-political aspects of a GPC, particularly in the areas of democratic control of its members. Interesting questions that should be asked are, for example: to what extend the members have control (says) over the development of a GPC; who has actually taken leadership in the administration, the monthly meetings, how?, and why?; how do the members understand their roles, rights, and responsibilities?; are there conflicts in the administration? why or why not? The research findings of this kind may directly provide more practical suggestions for improving the implementation process of the GPC program or other kinds of cooperatives at the village levels

5. Due to the finding of this study that, poor people have not yet be able to comprehend the impacts of economic systems on them, a study should be done also on the socio-economic influence on villagers at the grassroots levels. When unveiled to the poor villagers (or poor members of the GPC), the research results may help them become more critically aware of or conscientized about the historical genesis of their situations or problems. The poor may then have "felt-needs" to seriously unite and exercise their collective powers to pursue their own interests. Some questions are, for instance: how are the prices of local agricultural products set? and by whom?; how much profits did the middlemen make per unit of the products? and how much of that for the whole village?; how much is the production cost of common goods that people normally consume in their family and for how much were they bought?

6. Finally, in order to make the research of this nature useful to the people who the researcher will be working with, one should seriously consider an action or participatory research as the central methodology. This type of research would involve key informants in its data collection process through which the latter would eventually and critically learn about their existing reality (e.g. causal relations of different structures in social system). Once they realize their own positions within the system, the level of

their awareness of their existing problems would then be increased, and thereby they would begin their search for solutions to the problems.

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APPENDICES

Appendix A: Cooperative Principles

1. Open and Voluntary Membership

Membership of a cooperative society should be voluntary and available without artificial restriction or any social, political, religious or racial discrimination to all persons who can make use of its services and are willing to accept the responsibilities of membership.

2. Democratic Control

Cooperative societies are democratic organizations. Their affairs should be administered by persons elected or appointed in a manner agreed by the members and accountable to them. Members of primary societies should enjoy equal rights of voting (one member, one vote) and participation in decisions affecting their societies. In other than primary societies the administration should be conducted on a democratic basis in a suitable form.

3. Limited Interest on Share Capital

Share capital should only receive a strictly limited rate of interest, if any.

4. Return of Surplus to Members

The economic results arising out of the operation of a society belong to the members of that society and should be distributed in such manner as would avoid one member gaining at the expense of others. This may be done by decision of the members as follows:

(a) by provision for development of the business of the cooperative;

(b) by provision of common services; or

(c) by distribution among the members in proportion to their transactions with the society.

5. Cooperative Education

All cooperative societies should make provision for the education of their members, officers, and employees and of the general public, in the principles and techniques of co-operation, both economic and democratic.

6. Co-operation among Cooperatives

All cooperative organizations, in order to best serve the interests of their members and their communities, should actively co-operate in every practical way with other cooperatives at local, national and international levels (Fairbairn, 1989: 5).

Appendix B: Basic Minimum Needs Indicators

Thirty-seven basic minimum needs (BMN) indicators adopted to measure quality of life of household members. The data according to these indicators collected from individual interviews with every household head in rural communities.

Indicator No.	Household BMN
	I. SUFFICIENT FOOD
1	3,000 Grams birth weight
2	No serious malnutrition for 0-5 years old
3	Appropriate food for 6-14 years old
4	Household members eat cooked meat
5	Household members eat can food with certified F&D approval seal
	II. APPROPRIATE HOUSING
6	Housing durable for at least 5 years
7	Clean and tidy household environment and arrangement
8	Household sanitary latrine
9	Sufficient clean household drinking water
10	No disturbance from elements detrimental to health
	III. GENERAL HEALTH EDUCATION
11	ANC for pregnant women
12	Delivery service and post-natal care for mothers
13	Full immunization of 0-1 year old (DPT, OPV, BCG Measles)

14	Primary school booster vaccination (TT, BCG, Pertussis, Typhoid)
15	Knowledge on AIDS for all household members aged over 14
16	Knowledge about AIDS prevention for all household members aged over 14
17	Appropriate care and preparedness for all pre-school aged 3-6
18	Compulsory primary education enrollment
19	Availability of secondary education for children who completed compulsory education
20	Availability of vocational training for children who completed compulsory education but did not continue their education
21	Literacy for all 14-50 years old
22	At least once a week useful information for household members
	IV SECURITY FOR FAMILY
23	Security for life and property for household members
24	Safety from accidents for household members
	V. SUFFICIENT INCOME
25	Income of not less than 15,000 baht per annum for each household member
	VI. FAMILY PLANNING
26	Family with wife aged 15-44 practices family planning
27	Family with wife aged 15-44 limits to 2 children

	VII. COMMUNITY PARTICIPATION
28	Membership of at least one group set up for the development of the village
29	Voting at election on free will
30	Protection of public property and development activities
	VIII. ENHANCEMENT OF VALUES
31	At least once a week religious participation by family members aged over 70 years old
32	Abstinence from alcohol
33	Abstinence from cigarettes
34	Participation of local cultural and traditional events
35	Proper care of the aged (over 60 years old) by family members, communities or institutions
	IX. TAKING CARE OF ENVIRONMENT
36	Participation in natural resources conservation and development by family members
37	Participation in environmental protection and control by family members

(CDD, 1992)

Appendix C : Chronology of Development of *Ban Boa* GPC

Year	Activities
1981	- In July, a CDW approached local leaders of *Ban Boa* to introduce the idea about Group of Production Credits (GPC). - October 7th, the meeting of interested villagers was called upon to discuss the idea, together with the CDW and other CD experts, and finally the GPC of *Ban Boa* was established with 52 pioneer members and 1,570 baht of "monthly savings" (*sudja-sasom*) collected.
1982	-No other activities created by the GPC than the collection of monthly savings from its members.
1983	-The GPC started off its Loan Services with the interest rate of 24% per year.
1984	-The interest rate of 24% was reduced to be 15% in order to comply with the law regulated by the government. -In November, the President of GPC attended the seminar on how to set up and run a Demonstration Store (DS)* at the Regional CD Centre. -On November 5th, the first DS was setup in *Ban Boa*, operating in a space rented from a private house.

* One of the core activities of GPC

1985	-March 23rd, the first simple Gas Station Service was setup in Moo 6, one of the two villages composing *Ban Boa* community. Its initial investment fund of 7,838 baht was borrowed from the GPC's Savings Program. -Share Capital was initiated to mobilize more financial resources to expand the GPC's business. -The borrowed initial investment fund of 7,838 bahts was returned to the Savings Program with due interest. -An alternate selling method employed at the DS (members take turn alternatively to be in charge at the store) failed and therefore was replaced with the one-hired-seller method. -A big financial loss occurred to the DS. About 7,000 baht of petty cash was found missing from the responsibility of the first hired seller over a period of two and a half month (April to mid-June). -A massive withdrawal of membership (55.56%) occurred as a result of the financial loss. -The DS was moved to operate under the house of the President at that time. -The President (and his family members) volunteered to be a hired seller of the DS.
1987	-The Fertilizer Service program was begun to serve the member's needs.
1988	-A branch **DS** was setup in *Ban Brick* with the investment share of 10,000 baht.

	-The **GPC** began to allocate some available funds for buying and selling agricultural products produced locally (Trading activity), with initial capital of 6,000 baht. At the end of the year, it yielded the net benefit of 1,000 baht.
1989	-The Trading Activity yielded 5,447 baht benefit. -The first rice mill was built and opened on the 7th of May, with 100,000 baht loan from the Provincial Rural Development Fund, supplemented by 40,000 baht of fund allocated from the **GPC**'s saving. The rice mill made benefit of 20,110 baht in the first year.
1990	-Another branch **DS** was setup in *Ban Kao* with the Share Capital investment of 8,000 bahts. -The Trading Activity yielded 7,700 baht benefit. -In May, the GPC participated in and won the first prize of the Best Performanced GPC Contest at the Regional Level. -The **GPC** received a grant from *I-Sarn Khiew* Project** for the construction of the **DS** and the GPC office building.
1991	-The Emergency Loan and Short Term Loan for Production programs were initiated to help members who are in dire need. -The second gas service station was set up in *Ban Brick* using about 20,000 baht of Share Capital. -The construction of the first **DS**'s building in *Ban Boa* was finished and the DS moved in.

** The large scale development project initiated by the Thai Army to revitalize the poorest region of Thailand - the Northeast - where the problem of deforestration has become critical.

	-The treasurer of the main Gas Station Service in *Ban* Boa was found having mismanaged the petty cash of 30,000 baht under her responsibility and therefore required to repay that amount to the GPC. -The provincial government granted the GPC a credit of 250,000 baht to purchase fertilizer for selling at the DS. The money collected from the fertilizer transaction was to be used as a revolving fund specifically for this activity.
1992	-The second Rice Mill was set up in *Ban Brick* -The Compressed Brick Molder was bought to make brick for sale at the DS. -The seller of the main Gas Station Service in *Ban Boa* was found to have mismanaged the petty cash of about 3,000 bahts under her responsibility but proved not guilty by the GPC's administrative committee. Therefore, she did not have to repay the money. -A lot of credits has been lent to members more than the **GPC** has ever done in the past.
1993	-The 20,000 baht project of machinery parts store was approved but has remained unproductive (was actually inactive). -The **GPC** has run extremely short of available financial resources for its loan services and Fertilizer Service, as well as its Trading Activity, for the first time in its history

Appendix D : Interview Schedules

In fieldwork, these questions were developed from the main research questions of this study. They acted as guiding questions which were always modified during individual unstructured interviews in order to seek and probe needed data for the study.

1 What problems or other experiences did the villagers face prior to setting up the Group of Production Credti (GPC) ? How did a GPC get started and developed ?

- 1.1 How old is the GPC? How long ago was it established?
- 1.2 How did it get started? Who initiated it?
- 1.3 How many people were involved as pioneers of the GPC? Who was the first elected president of the GPC? Who were the committee members?
- 1.4 Did you get involved at the beginning? Why or Why not? In what capacity?
- 1.5 Why was the GPC initially established? Why were the pioneers convinced to set up the GPC? What were the motivations for the GPC?
- 1.6 Prior to the GPC's establishment, if people needed money for their emergencies or agricultural production, from whom did they usually borrow money?
- 1.7 Were there money lenders in the community? What was the interest rate?

2 During the course of developing the GPC, what problems have the members encountered and how did they solve these problems? What issues currently confront the GPC ?

- 2.1 Were there any problems for the GPC in the past? Why did that happen?
- 2.2 How were they solved? How did executive members react to the problems?
- 2.3 How did the members or non-members react to the problems? How did they feel about the solutions to the problems? How did you feel about the solutions? Do you think the solution is acceptable? Why or Why not?
- 2.4 How would you describe the GPC'sleadership? Why? Do you think the GPC has strong or weak leadership?
- 2.5 When was the GPC most effective or most successful?

3 Throughout their experience with the GPC what changes have the members perceived, both for themselves as individuals and the entire village ? Are there any negative/positive consequences of the GPC?

3.1 What do people think about the GPC? Do they like to have the GPC in the community? Why?

3.2 What do the members think about the GPC? Do they like it? Why?

3.3 What do the non-members think about the GPC? Why or Why not?

3.4 What do you think about the GPC? Why or Why not?

3.5 Have you seen any changes in the community as a consequence of the GPC? Why or Why not?

3.6 What do you like the most about the GPC? Why?

3.7 Is there any thing that you do not like about the GPC? Why?

3.8 Are there people who do not like the GPC? Why don't they like it?

3.9 What are the reasons for those who have not yet participated in the GPC?

3.10 If there is no GPC in this community, what would the members do if they needed money or other services? Would there be any problems or would they would be doing fine? Why?

3.11 Do you think the GPC is doing well? Why or Why not?

3.12 In what area could the GPC be improved? How?

3.13 Currently, are there any complains about the GPC currently?

3.14 Should there be any serious problem facing the GPC, what is it? Why?

3.15 Are the members happy with the current services provided by the GPC? Why or Why not?

4 What key factors have the members perceived as contributing to or hindering the success of GPC ?

4.1 What are the GPC's objectives? What do you expect from the GPC?

4.2 Do you think that the GPC is successful? Why or why not?

4.3 Who are the key persons behind the success? What are other key factors for the success e.g. members' education, economy of the community, government officials?

4.4 How often do Community Development officials visit the GPC? Have they been helpful in the operation of the GPC? How do they help?

4.5 Have the teachers in local schools been helpful to the GPC? In what ways? Why or Why not?

4.6 At what extent do local leaders, i.e. Village Head or *Kumnan*, help the GPC? In what ways? Why or Why not?

4.7 To what extent are the monks involved in the GPC's activities? Why or Why not? How are they involved?

5 What activities have the members participated in and in what way ? How often?

5.1 What are the most popular services of the GPC? What do the members like the most or the least? Why?

5.2 How are those service carried out?

5.3 Do you make any loans? How often?

5.4 Are there members who have never or hardly ever borrowed money from the GPC? Why?

5.5 How do you help the GPC?

6 What group of people are likely to benefit the most from the GPC?

6.1 What benefit have members received from the GPC and how?

6.2 What is the most benefitial activity or service? Do you get any benefit?

6.3 Who benefits most from the GPC? How? Why?

6.4 Are there any scandals about the committee? What are they? What do you think about that?

7 What would villagers like to see happen to the GPC in the future ?

7.1 Are the GPC's service sufficient to meet members' need?

7.2 Currently what service is in highest demand by most members?

7.3 What is the member's demand that cannot be met by the GPC?

7.4 What other services do you want to add to the existing ones?

7.5 How would you or the GPC's leaders improve the GPC?